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## Shultz Carrying No New Arms Plan On Moscow Trip

By R. Jeffrey Smith  
*Washington Post Service*

Former automaker DeLoe  
wean has filed a \$50 million  
lawsuit against several  
accountants, chemists  
inspired to destroy the  
operations and personnel  
on. In the suit filed in San  
Diego Superior Court, DeLoe  
said the lawyers had  
him in violation of securities  
laws. The Demos group  
reported. He added  
group's actions caused  
tional distress and  
business. DeLoe's  
company's bankruptcy  
gave, when he agreed to pay  
million to creditors. The  
Motor Company went  
caine trafficking charges  
He was acquired of the  
charges in Los Angeles  
court and later was cleared  
steering charge in DeLoe's  
court.

The king and queen  
have made an unscheduled  
the reclusive acres of  
King Carl Gustaf and  
used a morning break in  
their schedule this week  
Carlo, 82, at the East  
Battan apartment overlooking  
the king and queen and  
negotiate Hall benefit  
soprano Birgit Nilsson  
establishing an award in  
a

Greek Culture Minister  
Mercurio and veteran  
parliamentarian Nata  
said Monday they will  
British government in  
Elan Marble by 1984  
that Greece hopes to  
Olympic Games in  
sculptures are currently in  
at the British Museum

Queen Elizabeth and  
Philip flew to Australia  
trip celebrating  
centenary of the former  
mon. The couple will  
first two nights and one  
curred at a judi Jane  
prosperous Margaret John

VICES LOW COSTING  
ACCESS VOTE

EDUCATION  
& TRAVEL  
CULTURE  
ARTS

## 4 Japanese Companies Are Penalized by the EC

By Barry James  
*International Herald Tribune*

The European Community  
penalized four Japanese typewriter  
makers on Tuesday in the first  
action of its kind against so-called  
"screwdriver plants" that assemble  
and market products in Europe  
from parts mostly made some  
where else.

The community's executive com  
mission accused the companies of  
setting up European manufacturing  
subsidiaries to avoid paying EC  
import tariffs, but said the plants  
did little more than assemble kits of  
parts imported from factories in  
Asia.

The commission describes such  
operations as "Trojan horses," that  
enable Japanese companies to widen  
their share of European market  
while providing little in the way of  
technology and new jobs.

The typewriter companies are  
Silver Reed International (Europe)

See PENALTY, Page 4

### Kiosk

#### Most Eastern Jets Comply With Rules

WASHINGTON (AP) —  
Inspectors have examined almost  
all Eastern Airlines jets and found  
most complying with safety rules, although 43  
planes were taken out of service to correct problems, officials said Tuesday.

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mission accused the companies of  
setting up European manufacturing  
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## ARTS / LEISURE

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**Much Ado, No Point of View**

By Sheridan Morley  
*International Herald Tribune*

**L**ONDON — The opening of the main-stage Stratford season does not augur well for the rest of the summer there. A dire and shaky "Much Ado About Nothing" directed by Di Tresi betrays a breathtaking lack of confidence in the intrinsic merits and strength of this admittedly difficult and treacherous comedy.

Set in some vague 1950s Italy, where the cast wrestles with deck-chairs and wears an assortment of eccentric costumes designed all too clearly to get the laughs they seem unable to find in the text, this "Much Ado" is full of random ideas, none of which get developed or pursued for more than a scene or two before the cast and director get bored and wander off in search of some new insight into what the play might really be about.

On one level it's simply the odd-couple wooing of Beatrice and Benedick in a plot vaguely reminiscent of "The Taming of the Shrew"; on another, it's the infinitely darker story of a murder plot and a betrayal at the altar, and on yet a third it's the farce of a comic policeman who inadvertently makes sure that all can end reasonably happily.

So "Much Ado" can be all things to all people, and its complexities require an absolute coherence of style and approach: the classic Zeffirelli fairy-tale production at the Old Vic with Maggie Smith, or the Sinden-Dench revival a decade ago, set amid the hills of the Indian raj, worked so well simply because everyone had agreed what kind of a play they were in.

The current Stratford company has not yet acquired any kind of stabilizing unity of style or purpose. As a result this production races off in all directions, with people descending from helicopters in just one of several frantic attempts to persuade the audience that there

might be something here worth watching.

The production has no real point of view, and that is also often true of its spectators, since a new Stratford thrust stage now effectively blocks sight lines on three sides from the front stalls. There is however an adequate Dogberry from David Waller, and a Beatrice and

THE BRITISH STAGE

Benedick (Maggie Steed and Clive Merrison). It may improve once they all get their act together and join the same play.

The second half of Goethe's "Faust" at the Lyric Hammersmith is almost four hours long (on Saturdays until the middle of May you could try to survive the whole eight-hour marathon) and comes as something of a revelation to those accustomed to the shorter Marlowe version, in which the good doctor finally ends up in hell for having lusted after Helen of Troy.

According to Goethe, he in fact gets rescued by a band of angels at the moment of death, thereby leaving an understandably indignant Mephistopheles wondering why on earth, or even in hell, he has been spending so much time and money conjuring up dead superstars and running sea into land only to be deprived at the last of his rightful prey.

In Robert David Macdonald's splendid new translation, the Goethe version (ably directed by David Freeman of the Opera Factory, with Simon Callow in the title role) getting ever more like Peer Gynt at the end of not dissimilar travels around his own identity) emerges from years of neglect as a huge and mystical epic, full of floating books and luminous midgets in glass bubbles and fountains that would have gladdened the heart of Ziegfeld.

Somewhere inside this massively

daft fantasy is a poetic pilgrimage through worldly disillusion and self-doubt, and it is a fair reflection of the current state of our theater that such a hugely ambitious project should be undertaken and brought to an at least partially successful conclusion not by the subsidized giants of the RSC or the National, but by a small group of 12 working on a correspondingly meager budget.

At the Royal Court, a Howard Brenton season opens with a revival of his 1984 "Bloody Poetry" which I originally cheered for the waspishly witty way it avoided the traps of the usual great-poet stage or screen biographies ("Morning Shelley, how's Byron and has anyone seen Wilkie Wordsworth?") while offering a sharp look at the self-imposed exile of two romantics who set out to change the world and ended by destroying their own families.

Some of the original energy of the first Hampstead production seems to be lacking from Max Stafford-Clark's Chelsea revisit. Though there is still a kind of feminist rage in Shelley's miseries ("All you scribbling poets have in common is that you go to bed with your sisters"), the rest of the new production has gone very soft around the edges. As children expire and wives drown in the Serpentine and wars of liberation are fought while the poets agonize over who gets to sleep with whose mistress, Brenton still seems to be telling us that in the end it was Shelley the idealist who managed to cause far more domestic destruction than Byron the womanizing rake.

Drifting around Italy strewing the landscape with bastards and bards, Byron and Shelley are an impressive double-bill, but the performances of Nigel Terry and Mark Rylance are less secure than the originals.

By David Stevens  
*International Herald Tribune*

**P**ARIS — The gods arrive at the beginning of "Das Rheingold" in white, vaguely modern dress, carrying suitcases holding colorful theatrical robes. The giants are immense clowns surrounded by acrobats, jugglers and other denizens of the circus. Loge climbs out of a prompter's box, and Nibelheim is a vast workshop where artisans of all kinds convert the gold of the Rhine into musical instruments and prop.

The Wagnerian cosmos of "Der Ring des Nibelungen" becomes the world of the theater in this production — staged by Daniel Mesquich and designed by Louis Bercet —

shared by the Nice Opera and the Théâtre des Champs-Elysées in Paris for a total of four cycles. With the veteran Borislav Klobucar drawing firm and even sumptuous sound from his Nice Philharmonic, and with solid if not starchy casting, the musical side of this enterprise has been as satisfying as the rich theatrical imagery.

Mesquich and his team are operating on several levels, allegorically and literally, with symbols and theatrical illusion. Parallels are found between the Nordic myths and the myths of the theater. Wagnerian music drama seems to be sweeping away traditional opera, but this art of the future carries the seeds of its own destruction. If not all the participants in snuggly, that has much to do with the often contradictory complexity of the "Ring" itself. No call for theatrical sleight of hand goes unanswered: Alberich's demonstration of the Tarnhelm's wonders is splendidly pulled off, and with the aid of film the gods march up distant heights to Valhalla as is lofly as the music that accompanies it.

Wotan seems to be the impresario, metteur-en-scène and leading actor of his wandering troupe. The actors arrive, get into their traditional costumes and march up the Rhine in a ghoulish processional while the Rhine maidens in bridal dresses play their games with a business-suited Alberich.

Wotan also is Wagner himself, for when Siegfried tells Siegmund of the mysterious stranger who appeared at her wedding, Wotan crosses the stage wearing the composer's famous velvet befit. At the beginning of Act 2 of "Die Walküre," Wotan in full theatrical regalia is manipulating the puppets of a miniature theater he keeps under a glass bell, thoroughly absorbed with his own scenario until Frieke dictates a new script and spouts his fun. He deftly has his role and does what he has to do bringing a rain of spears from the flies down on Siegmund, then with a gesture doing the same to Hunding.

A traditional theater building is half buried in the meadow where the gods gather in "Rheingold," like a great ship about to vanish beneath the waves. Most of "Walküre" is played in front of the progressively disintegrating remains of a traditional Italian theater auditorium, with its red-and-gold decor and boxes for royalty and high society. Hunding is costumed like a respectable 19th-century burgher, and all those people watching from the boxes, outfitted by the same costume department, must be his clan, for they all drop lifeless when Wotan snuffs out Hunding.

Some of the images fall short. The Valkyries' rock is covered with dead "heroes" thrashing around in death spasms while evening-gowned Valkyries observe through opera glasses. Who is this blond movie queen of an Erda who emerges from a spangled, tentlike shelter? Who is this boy who

watches from the sidelines, sometimes reading a book, sometimes joining in the action? The music stands that pop up as Siegmund and Sieglinde launch into their duet, are they any more than a sight gag to announce a "number"? What is all the playing with broken swords before Siegmund finds the solid thing on the floor?

Despite the overflowing bag of theater tricks, Mesquich knows when to get out of the way of the music. In "Die Walküre," the great Act 1 duet, the announcement of death, and above all Wotan's farewells unfold in a recognizably traditional way, and with Klobucar leading a spacious, broadly paced reading, the music ultimately sweeps all before it.

James Johnson's Wotan is imposing in stature and gesture, and his bass-baritone grew in strength and amplitude as the first two dramatics progressed. First among the gods, he was first among equals in a well-balanced "Walküre" cast that included Anne Evans's womanly Brunnhilde, Kathryn Harries and Warren Ellsworth as a handsome and moving pair of sibling-lovers (dressed in unisex outfit), and Carol Yahr's righteously indignant Fricke.

"Rheingold" was strengthened by Tom Fox's agile, powerfully sung Alberich and Graham Clark's marvelously entertaining Loge, part magician, part old vaudevillian, called in by impresario Wotan

to warm up the crowd with a few tricks. Orlin Wentzel made Erda's sonorous recommendation to Wotan sound (and look) like a word to the wise from an old friend. Harry Peeler (Fasolt) and Gabor Ábrády (Fafner, Hunding) were the solid souls.

The staging of Wagner, and the "Ring" in particular, has survived several epochs, from the composer's own 19th-century naturalism through his grandson Wieland's revolutionary, myth-centered abstractions. Before the turn of the century George Bernard Shaw had already suggested that top hats, facades and villas were the correct setting for a socialist analysis of mid-19th-century industrial society, and beginning about two decades ago that turned out to be the post-Wieland style.

Just as Wagner appropriated the paraphernalia of Nordic myth for his own purposes, Mesquich has appropriated theatrical myth as another way of looking at Wagner's giants. With this staging, and with a new one due at Bayreuth this summer, perhaps another page is about to be turned. The possibilities are probably as infinite as the "Ring" itself, and the lusty clash of cheers and boos that greeted Mesquich after "Die Walküre" shows that the camps of tradition and innovation are still strongly armed.

"Der Ring des Nibelungen," Paris: "Götterdämmerung," April 22, 25.

**Wagner's Cosmos as Theatrical Myth**

By David Stevens  
*International Herald Tribune*

<img alt="A black and white cartoon strip from Doonesbury. Panel 1: A man says, 'WHICH ROOM SHOULD WE USE, REV? ONE, JEE!' Panel 2: Another man says, 'TAKES ANY OF THE OTHERS HERE?' Panel 3: A third man says, 'ALMOST EVERYONE, BOOBY AND BOOBY FLEW IN LAST NIGHT...' Panel 4: A fourth man says, 'HOW ABOUT ZONKER? DID HE MAKE IT?' Panel 5: A fifth man says, 'YUP, HE'S HERE. HE AND MARK WENT OUT BACK TO LOOK AT THAT LITTLE POND OF HIS...' Panel 6: A sixth man says, 'WELL, IT WAS BACK BEFORE YOU WERE SAYING NO.' Panel 7: A seventh man says, 'I REALLY USED TO DO THIS FOR FUN!' Panel 8: A eighth man says, 'WELL, IT WAS BACK BEFORE YOU WERE SAYING NO.' Panel 9: A ninth man says, 'I DON'T...' Panel 10: A tenth man says, 'I DON'T...' Panel 11: A eleventh man says, 'I DON'T...' Panel 12: A twelfth man says, 'I DON'T...' Panel 13: A thirteenth man says, 'I DON'T...' Panel 14: A fourteenth man says, 'I DON'T...' Panel 15: A fifteenth man says, 'I DON'T...' Panel 16: A sixteenth man says, 'I DON'T...' Panel 17: A seventeenth man says, 'I DON'T...' Panel 18: A eighteenth man says, 'I DON'T...' Panel 19: A nineteenth man says, 'I DON'T...' Panel 20: A twentieth man says, 'I DON'T...' Panel 21: A twenty-first man says, 'I DON'T...' Panel 22: A twenty-second man says, 'I DON'T...' Panel 23: A twenty-third man says, 'I DON'T...' Panel 24: A twenty-fourth man says, 'I DON'T...' Panel 25: A twenty-fifth man says, 'I DON'T...' Panel 26: A twenty-sixth man says, 'I DON'T...' Panel 27: A twenty-seventh man says, 'I DON'T...' Panel 28: A twenty-eighth man says, 'I DON'T...' Panel 29: A twenty-ninth man says, 'I DON'T...' Panel 30: A thirtieth man says, 'I DON'T...' Panel 31: A thirty-first man says, 'I DON'T...' Panel 32: A thirty-second man says, 'I DON'T...' Panel 33: A thirty-third man says, 'I DON'T...' Panel 34: A thirty-fourth man says, 'I DON'T...' Panel 35: A thirty-fifth man says, 'I DON'T...' 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## OPINION

## INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

## Gunman and Leader

Khalil al-Wazir, or Abu Jihad ("Father of the Holy War"), lived by the gun; he had one in his hand, in fact, when he was assassinated in Tunis, reportedly by the Israelis. As the number two man in Yasser Arafat's PLO and the head of its main military arm, he qualified as a terrorist, someone using violence indiscriminately, against civilians and for political effect. He believed that armed struggle in this form was essential for Palestinians claiming nationhood. There can be no loose romanticizing about the man.

Obviously the easiest way for Israel to deal with the ambiguities of Palestinian nationalism is to finesse the question of the Palestinians' true political identity and simply to go out and get the terrorists. The response to the murder of Mr. Wazir, however, indicates the limitations of this approach. The West Bank and Gaza exploded in rage, and in the ensuing protests 14 or more people were killed by Israeli soldiers.

Palestinians are outraged at the thought that not only does Israel refuse to acknowledge their leaders, it kills them when it can. Others are left to wonder whether there are any leaders the Palestinians can put forward who are both able to speak for their people and acceptable, as nonterrorists, to the Israelis. The latest sequence tightens this question and underlines the urgency of the American peace initiative, which has not found an answer but which is the one diplomatic operation actively looking for one.

—THE WASHINGTON POST.

## A Flawed Trade Bill

Congress's Democratic leaders have decided on a blunt showdown after three years of wrangling over the foreign trade bill. They plan to send the president a final version with one controversial amendment that he flatly rejects. The truculence on both sides is regrettable. The result may be no trade bill at all, and a deplorable policy vacuum.

The final dispute concerns an issue only partly relevant to trade policy. It would require businesses to give 60 days notice when they anticipate large layoffs or when they plan to shut a plant. Organized labor insists on this and the three Democratic presidential candidates have jumped in with last-minute support.

Business organizations insist that it be deleted, and the president threatens to veto the whole bill if it is not. What a pity that would be; there are much better reasons to reject the bill as it stands now. Representative Dan Rostenkowski and Senator Lloyd Bentsen, the two men principally responsible for trade legislation, have made valiant efforts to meet administration objections. Under their guidance, congressional conferences have dropped many of the most protectionist parts of the original House and Senate bills — but many remain.

The worst is a formula to crack down on imports from countries whose import bars or export subsidies are perceived to be "unfair," even while America continues to pur-

sue unfair practices of its own. Another bad feature would apply U.S. penalties against any foreign company that violates its own government's strategic export controls. Imagine the outrage in Congress if foreign governments tried to punish the many American companies that violate these controls.

Another offensive provision would limit the freedom of foreign concerns to operate in the U.S. government bond market, just when the United States needs all the foreign capital it can get. Other provisions would unwisely limit the president's authority to decide whether it is in the national interest to curb imports of specific foreign products. These are not the only offenses in the bill, but they suffice to make the point that Congress should try again.

The New York Times has been on both sides of the debate over the "plant closings" amendment. Last summer we argued that the Senate's final version was reasonable, but recently we called it an encumbrance. There is more symbolism than reality to this issue now, but we were wrong to include it among provisions that warrant a veto. On reflection, we are persuaded that businesses too often lay off employees with little or no warning. Additional regulation will not make America more competitive, but the proposal in the foreign trade bill could, without undue burden, help employers become more humane.

—THE NEW YORK TIMES.

## Playing With La Prensa

One more small but pointed lesson in arbitrary power was administered by the Sandinists the other day, and once again the victim was La Prensa. For 15 months, until last October, this vibrant opposition newspaper had been closed down, and earlier this month it was closed down again, this time ostensibly because it had used up its allotment of newsprint. It was lost on no one that this was happening just on the eve of the first broad negotiations between the Sandinists and the rebels in Managua, talks that are meant to define the terms under which the current temporary ceasefire will be converted into a permanent political settlement of the country's nearly decade-long civil war.

One can guess that, by denying La Prensa the newsprint, the Sandinists mean in general to show who is in charge and in particular to silence the opposition at a critical moment in Nicaragua's passage. The deeper message conveyed, however, is the impossibility of relying on the existing Sandinist structure to ensure a fair political future for Nicaragua.

The system the Sandinists now run gives the party extraordinary control over the levers of power, including the press. Newsprint, for instance, is the Sandinists' pro-

vide or to withhold. Indeed, in the fuss the other day, once some attention began to be turned to La Prensa and a private American organization offered to send down an emergency ration of newsprint, the Sandinists suddenly came up with a supply sufficient to tide the newspaper over until its next scheduled allotment. The authorities went on to claim credit for this benefaction, which they said was not formally required of them under the prevailing newsprint allotment scheme.

The Sandinists do not deserve credit. Nicaragua deserves a system in which the freedom of the press does not depend on the discretion of the Sandinists. A system that makes one party — a party which is demanding a leading role, no less — the lone arbiter is by definition a system in which freedom of the press does not exist. No Nicaraguan's freedom should depend on how the Sandinists gauge the political winds when they get up in the morning. Real freedom can exist only when it is institutionalized in a political system that has a built-in respect for the press, for a multiplicity of parties and for rules of law that ensure an open and equal competition among them.

—THE WASHINGTON POST.

## Other Comment

## The Real Victims in the Gulf

It is not the incidental damage to outsiders, who know the risks of being in the Gulf, but the attrition of hundreds of thousands of ordinary Iranians and Iraqis who have had no choice about their exposure to war, that cries out for effective intervention. It is time for the Security Council to try again, not because of [Monday's] clashes between the U.S. and Iranian navies but to seek an end to one of the nastiest conflicts since World War II. Against the appalling background of slaughter on a scale which for the two countries represents two world wars rolled into one, the amour propre of a superpower with a hole in its boat seems rather petty.

—The Guardian (London).

American actions have given the Soviet Union the entry to the Gulf which it had long sought and failed to find, and have heightened the possibility of a superpower confron-

tation in the area. Both Iraq and Iran are prizes in the geopolitical struggle being waged, but by adopting such a forward policy while failing to define its objectives America has given Moscow the advantage.

—The Independent (London).

## A Korean Opportunity Lost

South Korea's April 26 legislative elections will continue to find the opposition parties divided. South Korea's nascent democracy would probably benefit by having legislative checks on executive power that opposition control of the National Assembly could provide. The fault lies with those politicians who place their personal interests ahead of the national interest that a unified and responsible political opposition would serve. South Korea's struggle toward democracy is not being helped by this kind of egoism and stubbornness.

—The Los Angeles Times.

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## Fractured Afghanistan Needs UN Help

By Selig S. Harrison

WASHINGTON — The new Afghan government that will emerge after the Soviet withdrawal will be a minefield of dangers and uncertainties for both superpowers.

The biggest winners in the war are heavily armed Islamic fundamentalist groups that espouse creeds ranging from Saudi Arabia's Wahhabi orthodoxy to Ayatollah Khomeini's brand of Shia. Fundamentalist leaders will claim that Islam has driven one superpower from Iran and now another from Afghanistan.

In the Afghan power struggles ahead, Washington will confront a monster of its own making. Most of the \$2.1 billion in U.S.-orchestrated weapons aid the Afghan resistance has gone to

## A new regime is necessary in Kabul if the withdrawal agreement is to stick.

fundamentalist factions, previously a marginal element in Afghan society, at the expense of more influential tribal forces linked with the nonfundamentalist Afghan Moslem clergy. Impressed with the discipline and zeal of the fundamentalists, the Reagan administration has disregarded the shrill anti-Americanism of their principal leaders.

What appears to be emerging is a complex struggle in which fundamentalist and tribal factions fight each other as well as the Communist government in Kabul. Unless both superpowers back a United Nations effort to negotiate a coalition regime, the Soviet withdrawal could be followed by a new, bloodier version of the civil war that led to the occupation eight years ago.

In my view, Moscow expects the Communists to survive as a political force. While they might not prevail, in the Soviet assessment, they will be strong enough in key cities and towns to prevent a countrywide takeover by the fundamentalists.

The unpopular Communist government has an administrative presence in only 7,000 of 26,000 Afghan villages. But to assume that it will collapse once Soviet forces begin to leave is questionable. More than 350,000 Afghans are on the Soviet-subsidized payroll of the Kabul government. And the Afghan Communist apparatus has grown from 8,000 hard-core believers in 1978, when the Communists took power, to more than 40,000 today.



## Australia: Hawke May Be Losing the Common Touch

By Paul Kelly

CANBERRA — Nine months after Bob Hawke won a record third term as prime minister of Australia, the climate has soured for his Labor government. The electorate has felt a decline in living standards, and there is evidence of a deep, nationwide swing in voter opinion against the Labor Party.

The beneficiary has been the opposition coalition of Liberal and National parties, reconstructed under the Liberal leader, John Howard. The conservative coalition tore itself apart last year, campaigning under separate banners in the July election. That was a key to Labor's victory.

The current trend against Labor results from economic hardship in the cities and political blunders by the government, not from any newfound confidence in the opposition. But the trend is powerful, constituting the Hawke administration's gravest test since it came to power in March 1983 and undertook a remarkable strategy of governing with the support of both financial markets and of the trade union movement.

Two recent federal by-elections revealed a swing away from Labor of about 10 percent. This was reinforced

by the defeat of the state Labor government in New South Wales, Australia's biggest state and the party's traditional stronghold. Labor candidates there received 9 percent fewer votes than in the last election.

Hawke has cause for alarm: Blue-collar areas are turning against it with a vengeance. And Bob Hawke's electoral magic is fading. He is increasingly criticized both inside and outside the party for being complacent and remote. Critics say he has lost the common touch, a troubling allegation for a Labor leader.

Mr. Hawke insists he will lead the party into the next general elections due in about two years. Most of the party supports this decision, but a minority wants him to retire this year in favor of Paul Keating, the treasurer. Mr. Keating is the chief architect of the government's economic policy.

There has been internal fighting over attempts by senior economic ministers, led by Mr. Hawke, to open the way for limited privatization of government enterprises. Critics say Labor is losing its idealism.

The economic dynamics beneath

the discontent is easy to identify. Australia is undergoing a severe transition as it confronts the contradiction between its First World living standards and its commodity-dependent Third World export base.

Australia was living beyond its means in 1985, when a decline in world commodity prices forced a heavy devaluation of the Australian dollar and a loss of national income. The government had to adopt policies of economic restraint, including wage increases below the inflation rate, real cuts in government spending and high interest rates.

To its credit, the government has adjusted to the crisis. It is widely seen as a better economic manager than its recent predecessors in office, of both the right and the left. The emphasis is on reforming attitudes and institutions to secure a more productive Australia. It will be a long battle.

To its credit, the government has adjusted to the crisis. It is widely seen as a better economic manager than its recent predecessors in office, of both the right and the left. The emphasis is on reforming attitudes and institutions to secure a more productive Australia. It will be a long battle.

The current account deficit as a proportion of gross domestic product is 4 percent, the second highest in the world. Commodity prices are underwriting a more buoyant economy with falling interest rates, declining inflation and unemployment below 7.5 percent. But the public remains skeptical.

General elections are still far away. Labor's best prospect lies in continued opposition disunity. The Liberal and National parties have revived last year's split over introducing indirect taxation. Nobody can be sure that they will not self-destruct again.

Mr. Douglas had been pushing hard for improved efficiency in social spending, and some Labor supporters feared the government intended to apply free-market economic principles to welfare policy.

A consultative committee's recommendations for major changes in health administration, made in a report this month, provoked heated debate. Other reports, on education and on social policy, are due next month.

But criticism has been softened by indications that social welfare programs will be tightened up without being radically restructured.

Business now worries that economic policies may be revised. But Mr. Douglas was still firmly in charge of the economy, and confidence in the government should begin to revive. The revival would be hastened if, as most analysts expect, the current recession gives way to renewed growth this year.

Elections are not due until October 1990. The Labor government has time to recover lost ground. But it must avoid another bout of bickering or the heavy favored Mr. Mitterrand. But Mr. Pasqua and Mr. Marchiani are pushing ahead on their own.

If they succeed, they will have persuaded the Iranians to play the Chirac card in this election, and to play it in advance. But all the international bounds and domestic uncertainties such a deal could unleash must have Mr. Chirac wondering about the advantage that warns of the dangers of having your prayers answered.

## The Iranians Prepare the Chirac Card

By Jim Hoagland

PARIS — Promises made during the heat of a political campaign, commit only those who believe them, the funniest man in French politics liked to say before he became interior minister and a key figure in the coming presidential elections here. Now Charles Pasqua is making promises instead of jokes in an effort to free the last three French hostages in Beirut and tip the election to his patron, Prime Minister Jacques Chirac.

Mr. Pasqua is making his promises in secret negotiations between his operatives and Hezbollah, the Lebanese Shiite radical group holding French and American hostages, as well as with authorities in Tehran who control the Lebanese abductors.

The last wrinkles in the deal were ironed out Friday in Istanbul when Mr. Pasqua's chief operative, Jean-Charles Marchiani, met with a high-ranking official of the Iranian Finance Ministry and was assured that the hostage release was still on track.

U.S. intelligence has been kept advised of the Marchiani mission. Two American hostages, Terry Anderson and Joseph Cieplak, are said to be held with the three French hostages. The pattern of Mr. Marchiani's contacts has established that Islamic Jihad, which purports to be a separate organization, is only a signature for Hezbollah, and that Iran's control over Hezbollah is tight. If the French hostages are freed, it will be because Tehran wants it to happen.

Should democratic governments deal with terrorists to get hostages freed? Ever since Oliver North's efforts to free American hostages in Beirut went awry, Washington has sternly counseled others not to follow the American example. But the French are on the verge of succeeding where North & Co. failed. That will double the heartburn in Washington if the deal comes off.

The sudden escalation of tension in the Gulf or the outcome of the hijacking of the Kuwaiti airliner that was flown to Algiers could still block the arrangement or even lead to disastrous consequences for the hostages in Beirut. But Iran's increasingly desperate need for money, its military reverses this week and the looming French election seem to make this a deal whose time has come.

Mr. Marchiani, a tenacious Corsican who engineered the release of two French hostages last November, has spent months meeting with the Iranians and their Lebanese protégés. Promises made in that earlier affair, that France would immediately make a \$350 million payment on an outstanding loan and would release an Iranian Embassy official being held in Paris, were promptly carried out.

After the Istanbul meeting, Mr. Marchiani slipped back to Paris to monitor news of the Kuwaiti airliner. The apparently coincidental hijacking by a different section of Hezbollah on April 5 derailed an earlier agreement that called for the hostages to be handed over to Mr. Marchiani in Beirut on April 9. The captors told Mr. Marchiani that they could not liberate the French hostages while their "brothers" aboard the aircraft were "in danger."

The deal negotiated in Beirut, Damascus and Istanbul over the past three weeks, as described by a source close to the negotiation, does not involve French arms shipments to Iran. But Washington fears it may involve third countries making such deliveries.

The Iranians have won a package agreement on restoring diplomatic relations with France. It calls for repayment of the final portion of the disputed \$1 billion loan plus some interest; a procedure for dealing with French business claims against Iran; and the eventual release of three men jailed here after an unsuccessful attempt in 1980 on the life of Shahpur Bakhtiar, the shah's last prime minister.

Mr. Marchiani's aim is to have the hostages home before the May 8 final vote in the presidential election, as a boost to Mr. Chirac, who now appears certain to face President François Mitterrand in the second round. Mr. Chirac's other advisers are divided over whether a return of the hostages now will help or hurt their candidate, who has been making steady progress in the polls against the heavily favored Mr. Mitterrand. But Mr. Pasqua and Mr. Marchiani are pushing ahead on their own.

If they succeed, they will have persuaded the Iranians to play the Chirac card in this election, and to play it in advance. But all the international bounds and domestic uncertainties such a deal could unleash must have Mr. Chirac wondering about the advantage that warns of the dangers of having your prayers answered.

The Washington Post

## 100, 75 AND 50 YEARS AGO

## 1883: Recalling Disraeli

LONDON — "Primroses, sweet fresh primroses" was the cry which echoed through the streets of London, from one end to the other. The city was turned into a garden of primroses, worn to commemorate the seventh anniversary of the death of Lord Beaconsfield (Benjamin Disraeli), and

# Iranians spare the Iraq Card

Jim Hoagland

— Promises made during a political campaign by those who believe that only a man in French politics before he became president and a key figure in the presidential election here. No one is making promises here in an effort to be re-elected to his office. Jacques Chirac, for example, is making his promises and Hezbullah, the Lebantine group holding French citizens in Lebanon as well as Chinese abductors, is wringing in the deal with Friday in (Spain) where his chief operative, Jean Marchi, met with a high official of the Iranian industry and was assured that his release was still on track. Intelligence has been kept secret. The Marchi mission, Terry Anderson, Philip Caspary, are said to be the three French hostages established that Iranian purpose is to be a separate nation, and that Iran's coming to the table is right. If the French are freed, it will be because it is to happen. A democratic government of terrorists to get hostages since Oliver North's free American hostages went away. Washington has considered other nations to be the American example. The French are on the verge of seeing where North & Co. failed. Doubt the headroom is given if the deal comes off.

The president sets the military, security and diplomatic agenda of the United States — at least he is supposed to. But every president seeks the advice of his secretaries of state and defense — or at least he is supposed to. The character and attitudes of key members of the cabinet can often decide where the country goes. Secretaries George Shultz and Caspar Weinberger decided it was in the country's best interests to swallow the humiliation of being

## But What Kind of Cabinet Would the Candidate Pick?

By A. M. Rosenthal

**N**EW YORK — Strange people. Americans. We insist on knowing everything about a presidential candidate except one little item — whom he would put in posts of power to run the country. You would think this is a matter of some importance, one that would pique people's curiosity and perhaps even influence the way they vote. But although we Americans demand all his thoughts on every issue, want to examine every tax return and peer eagerly into his sex life, we hardly bother to ask what kind of people a candidate plans to appoint to help him spend taxpayers' money, protect the national security and strive for progress and tranquillity at home.

Administration after administration

### ON MY MIND

has shown that the president of the United States can be no more efficient than the talents and experience of his senior officials allow.

Almost every member of the cabinet of the United States runs an operation with more employees and a bigger budget than do the chiefs of state of most members of the United Nations.

The impact of the top people in government goes far beyond management duties, of course. The appointment, for instance, of an attorney general with deep knowledge of the law and a profound sense of American ethics can inspire the entire legal system and give moral purpose to the whole government. The very naming of an attorney general because he is the president's brother or political crony creates cynicism throughout the land, which time usually justifies.

The president sets the military, security and diplomatic agenda of the United States — at least he is supposed to. But every president seeks the advice of his secretaries of state and defense — or at least he is supposed to.

The kind of people the candidate is thinking of for the departments of State and Defense, for the CIA and the National Security Council. What threads of strategy bind them; does this show anything of what the candidate will do as president different from what he was as before he takes the oath? What are the economic backgrounds and convictions of those who will direct the Treasury, the Commerce Department or the Office of Management and Budget?

Voters are smart enough to distinguish between a bunch of names on the political pop chart, thrown out to get attention, and a list that showed not only imagination but consistency with the candidate's vision for the country. There would be no commitments, except to the candidate's sense of logic and honor. It would be difficult, for example, for him to suggest six Justices of the Supreme Court for attorney general and then appoint his best buddy.

— Philip Geyelin, *The Washington Post*.  
The New York Times.

ignored on Iran-contra and even being cut off from information. Henry Kissinger and Cyrus Vance might have decided it was in the best national interest to resign, which could have changed history. Judge William Webster seems to regard running the CIA as carrying out intelligence work required by national interest and the president's foreign policy. William Casey used the job to shape and manipulate foreign policy — quite a difference.

Cabinet members dealing with economics have power that is world-ranging. Donald Regan runs the Treasury one way. James Baker, also a Reagan appointee, runs it another. Felix Rohatyn would have his own ideas. The differences among the three would affect every borrower, consumer and businessman in the country and the way the nation is seen and felt abroad.

Once in a while a reporter asks a candidate about cabinet jobs. Sometimes he gets a vague answer; often he is brushed off as if the very inquiry were impudent. Of all the candidates, Jesse Jackson gives the most interesting responses — including that he might bring Jimmy Carter back somehow.

But carefully thought out statements on possible cabinet choices need to be built into the campaigning process. If voters and the press showed they were as interested in who was in the candidate's mind for powerful offices as on his position on Israel or South Africa — or even adultery — attention would be paid.

Before the conventions, candidates should be expected to put forward lists of possible choices in various fields, not necessarily in each job. There should be a dozen or so for each cluster of three or four posts. After the election, some would fail the inquisition of the press, the FBI and the Senate, while others might decide they preferred not to submit to the rack in the first place.

But we should have the right to know the kind of people the candidate is thinking of for the departments of State and Defense, for the CIA and the National Security Council. What threads of strategy bind them; does this show anything of what the candidate will do as president different from what he was as before he takes the oath? What are the economic backgrounds and convictions of those who will direct the Treasury, the Commerce Department or the Office of Management and Budget?

Israel need only to adopt a more flexible approach to their much vaunted security requirements. (Of course, nothing spoke so ardently of the security of Iraq when Israel bombed its nuclear power reactor, or of Lebanon's security when Israel brazenly invaded its territory and killed unarmed civilians, or of Saudi Arabia's integrity or security when an Israeli official threatened to bomb new missile sites there.)

One must fervently wish that the people of our tundra region can come to terms with the spirit of salam.



## LETTERS TO THE EDITOR

### In the Spirit of 'Salaam'

Regarding "I Don't Think We Can Coexist" (Opinion, April 6):

I read this article with much regret, for several reasons. Hating Jews is not an Islamic tradition or teaching, and no greater proof of this exists, I think, than the flourishing of many great Jewish minds under Islamic political systems (e.g. Maimonides in Islamic Spain).

The word *salaam* is not "a bit of convenience that can be made with an enemy, and which may be broken." *Salaam* is the exact equivalent of the Hebrew *shalom*, carries the same connotations, and is given the same reverence. Since God gives believers upon entry into Heaven with that one word.

Arabs are not all against Israel's existence. The people most affected by all this, the Palestinians, are willing, as expressed by the Palestine Liberation Organization many times, to coexist with Israel, side by side, in lasting peace.

Israel need only to adopt a more flexible approach to their much vaunted security requirements. (Of course, nothing spoke so ardently of the security of Iraq when Israel bombed its nuclear power reactor, or of Lebanon's security when Israel brazenly invaded its territory and killed unarmed civilians, or of Saudi Arabia's integrity or security when an Israeli official threatened to bomb new missile sites there.)

One must fervently wish that the people of our tundra region can come to terms with the spirit of salam.

M. A. FARAHAT,  
Cairo.

### Suspicious of Jackson's Hung

Regarding "With Numbers, Jackson Tries to Appear More Presidential" (April 8):

Maureen Dowd noted that Jesse Jackson has been criticized for having

hugged Yasser Arafat, the PLO leader. I have read much about this now famous hug. Many people seem to wonder how a man can show respect for Jews and Palestinians at the same time.

But one has only to look at the events on the West Bank to realize the value of Mr. Jackson's "love your enemy" approach. It is constructive and hurts no one. It saddens me to see that hatred has become so much the political norm that journalists grow suspicious when a presidential candidate doesn't show any.

ANDREW SHAFFER,  
Paris.

### An Anti-Hijacking Strategy

A more strenuous response to airplane hijackings is needed to prevent future terrorists from considering this method. To have commandos storm an airplane can be dangerous. But hijackers generally ask for supplies on their stops — food, fuel, water. Airport personnel could inject nonlethal, incapacitating gases into the airplane's air conditioning system. When all aboard are asleep, the plane could be safely stormed.

R. PAUL TERRY,  
Aachen, West Germany.

### Profit and the Killer Whale

Regarding "What's Up With the Killer Whales of San Diego?" (April 5):

The recent events at the Sea World marine park in San Diego — where two normally harmless whales recently attacked their trainers — are a classic example of a clash between a corporate, cost-maximizing mentality and the reality of sensitive relationships between species.

Orky and Corky, two of the killer whales at the park, lived uneventfully for more than 15 years at Marineland, near Los Angeles. They displayed none

of the aggression shown in San Diego.

After Marineland was purchased by Sea World, experienced trainers lost jobs and the animals under their care were dispersed. People close to these animals suspected potential problems.

Two large, intelligent cetaceans, pair-bonded for over a decade, were suddenly moved to a new environment and social grouping with other mature orcas. To expect training schedules, shows and daily routines to continue normally was irresponsible and dangerous.

Blame should not immediately be placed on "captivity." Orcas, the largest dolphin species, have lived successfully in captivity for years. If maintained in a healthy environment, they perform a valuable service as their species representatives to humanity. If viewed, however, by Harcourt Brace Jovanovich Inc. or other corporate owners as merchandise to be processed for the cost-effective running of a conglomerate, the dignity of the animals and the carefully built relationships between man and orca are compromised — and accidents happen.

R. PAUL TERRY,  
The Hague.

### Bani-Sadr and the Imam

I disagree with some of Youssef M. Ibrahim's comments about Abolhassan Bani-Sadr in "Iran Revolutionary's Cold Days in Paris" (April 2-3).

Mr. Ibrahim describes Mr. Bani-Sadr as an opponent of the present regime in Iran. But Mr. Bani-Sadr, the son of a mullah, has always been a puppet of Ayatollah Ruhollah Khomeini. Not long ago he wrote an open letter to his "imam" asking for a pardon. Now this eternal Iranian student anticipates returning to his country, along with the two million other Iranian exiles around the world.

Once a new regime comes to power in Iran, he will be tried for his crimes by a court based on a real system of justice.

## Taxes Used to Be Easy

By Jack Smith

**L**OS ANGELES — Hal Thornton has a document that ranks with a recording of Glenn Miller's "Little Brown Jug" as an evocation of a simpler time. It is Form 1040A, for citizens whose gross income was less than \$3,000, and (net) income (\$2,316.89), extra income (\$50), total (\$2,366.89), less (none) for each dependent, and tax, (\$69).

Mr. Thornton signed it, sent it in with a check, and that's all there was to it.

"Why should I be depressed?" he asked the other day. "Here in my spacious Santa Barbara home I am surrounded with the stuff to make one euphoric — except: In one hand I'm holding a single yellow page, copy of my 1981 tax return, and in the other is the 1987 instruction mailer from the IRS printing office. I won't bother to read it because my accountant has already read it for me."

"Somehow in that far-off past the Feds were able to operate on 3 percent of my gross income, and if there was a deficit I wasn't aware of it. (My annual salary then only makes one month's mortgage payment now.) But those days are over. Now I'm depressed as I ponder a table covered with 1099s, K-1s, canceled checks, paid receipts, tax-advice columns and organizational guides from my accountant."

"Time is running out for those born in my era. I can't spare several weeks out of my life each year to plow a paper empire and determine whether I must give up 28 percent or is it 35 percent. Who knows? What if my accountant should read 'Here lies a frustrated taxpayer whose last six months on Earth were enslaved by a voracious paper profligate.'

Mr. Thornton urges the young to take heed. If a taxpayer's lot can become so much more complicated in one lifetime, what can the emerging generation look forward to? Can it only get worse?

I hardly remember filling out our tax form in 1941, it was so simple. My wife and I both worked, probably making a combined income of about \$3,000. One sheet and four or five entries did it all.

I haven't worked on a tax return for years. My wife does all the bookkeeping and saves all the relevant checks and receipts. Then, sometime in March or April, we drive out to the home of our tax accountant. I browse through his library, sipping his wine, while my wife and he go over our accounts and put it all together. Then we go home and in a few days he sends us our forms to sign. We have only been audited once, and, thanks to my wife's thoroughness, we escaped unscathed.

What worries me is that any year now our accountant is going to crack up from stress. He's going to break out into tears and throw our accounts to the winds. He's going to whimper, "I'm sorry, Jack, it's too complicated. I just can't do it anymore." That is when I'm going to retire and reduce my income to retirement pay and Social Security benefits, and play Glenn Miller records all day on the phonograph.

Los Angeles Times.

### Europe Has Its Hang-Ups

Frederick Sands' letter (April 12) responding to the article "Here's a Fresh U.S. Hang-Up" (March 30) was right on target. European telephone techniques are frustrating. The amount of screening of calls can be distressing; in the United States, informality largely prevails. But telephone sales solicitation is virtually unknown in most parts of Europe. And in America one may encounter crank calls, whereas in Europe they are rare.

HERBERT JOHNSON,  
Paris.

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## GENERAL NEWS

### Singapore Rearrests 8 Political Activists

By Keith B. Richburg

*Washington Post Service*

**M**ANILA — The government of Singapore on Tuesday rearrested eight political activists and church workers after they published an open letter complaining of police torture and intimidation while in jail last year.

The eight young people were arrested separately by agents of Singapore's Department of Internal Security, according to human rights activists and diplomatic sources interviewed by telephone.

A ninth man, Patrick Seong, a human rights lawyer who had helped the dissidents during their first detention last year, was also arrested, the sources said.

Chin Fook Loong, a spokesman for the Home Affairs Ministry, later confirmed the arrests.

Singapore, which generally bristles at international publicity, has been the focus of questions about human rights abuses and its intolerance of political dissent.

During an official visit to Washington last week, Prime Minister Lee Kuan Yew was repeatedly confronted with sharp criticisms of his

human rights record, including a session with a dozen American congressmen.

One Western diplomatic analyst in Singapore, interviewed by telephone, suggested that Mr. Lee may have ordered the new arrests partly as a way of showing he would not bow to the U.S. criticisms. "I wouldn't say the timing is entirely coincidental," the diplomat said.

The new arrests drew an immediate response from the leaders of Singapore's tiny political opposition and from international human rights groups that have made the detainees a focus for critical reports on Singapore.

"There's only one word for it and that's intimidation," said Joshua B. Jeyaretnam, secretary-general of the opposition Worker's Party, interviewed by telephone. "The government is angry that these people dared to speak out. This is purely terrorism, it's gangsterism — it's saying disagree with us and we'll smash your face in."

Chiam See Tong, the only opposition member of parliament, said in a telephone interview that he supported the call for an investigation.

The Defense Force chief, General Jannie J. Geldenhuys, said in a briefing Monday that the 3,000 South African troops in Angola already had been substantially reduced. He added that the "tactical withdrawal," announced by the military on Dec. 5, was continuing.

General Geldenhuys said that a recent flurry of diplomatic activity aimed at ending the war had not influenced the force's operations. Recent diplomatic maneuvers have involved the United States, the Soviet Union, Angola and South Africa.

On Tuesday night, Defense Force headquarters in Pretoria announced the death of a military officer in a skirmish with guerrillas of the South-West Africa People's Organization near the Angolan border. A second South African soldier was missing.

Force headquarters in Pretoria announced the death of a military officer in a skirmish with guerrillas of the South-West Africa People's Organization near the Angolan border. A second South African soldier was missing.

In the briefing document, General Geldenhuys gave a blow-by-blow account of fierce artillery, tank and air battles between the

towns of Maving and Cuito Chavane in the southeastern province of Cuanza.

But General Geldenhuys made no reference to the statement by President Pieter W. Botha in an interview on March 8 that South African troops would not withdraw from Angola until the 37,000 Cuban mercenaries had begun leaving.

But since then it has maintained an almost total silence on the conduct of the war, releasing only statistics of losses involving white soldiers, mainly teen-age conscripts, in the fighting against Cuban-backed Angolan troops.

"There is no point in staying put and making war just for the sake of making war," the Johannesburg Star reported. General Geldenhuys as saying Monday in an apparent attempt to allay growing public disquiet at the level of South African involvement in Angola.

He added that South Africa had achieved its "primary aim" of ensuring that Mr. Savimbi's troops of the National Union for the Total Independence of Angola were not overran in the offensive.

Pretoria's interest was that if UNITA was routed, guerrillas from SWAPO and the guerrilla African National Congress would be free to establish bases closer to the South African border.

General Geldenhuys said 4,768 Angolans were killed in the

## NYSE Most Actives

| Vol.      | High  | Low   | Last  | Chg. |
|-----------|-------|-------|-------|------|
| Pacific   | 2,714 | 3,399 | 3,299 | + 15 |
| INCO      | 2,743 | 2,759 | 2,759 | + 15 |
| Clipsor   | 2,235 | 1,994 | 1,994 | + 15 |
| AT&T      | 2,052 | 2,052 | 2,052 | + 15 |
| IBM       | 1,749 | 114   | 113   | + 15 |
| Alcan     | 1,715 | 1,625 | 1,625 | + 15 |
| GenCorp   | 1,645 | 1,625 | 1,625 | + 15 |
| Amax      | 1,477 | 1,254 | 1,254 | + 15 |
| EMR       | 1,415 | 1,254 | 1,254 | + 15 |
| BellSouth | 1,415 | 1,112 | 1,112 | + 15 |
| Delta     | 1,345 | 1,112 | 1,112 | + 15 |
| AmEx      | 1,262 | 925   | 925   | + 15 |
| Zavar     | 1,249 | 724   | 724   | + 15 |
| FedEx     | 1,207 | 712   | 712   | + 15 |

## Market Sales

| NYSE 4 p.m. volume    | 161,910,000 |
|-----------------------|-------------|
| NYSE prev. day, close | 161,295,000 |
| Amex prev. day, close | 7,130,000   |
| OTC 4 p.m. volume     | 120,000,000 |
| Amex 4 p.m. volume    | 76,600,000  |
| NYSE volume up        | 14,800,000  |
| NYSE volume down      | 12,711,000  |
| Amex volume down      | 1,020,000   |
| OTC volume up         | 1,845,000   |
| OTC volume down       | 1,020,000   |

## NYSE Index

| High        | Low    | Close  | Chg.   |
|-------------|--------|--------|--------|
| Composite   | 140.27 | 145.17 | + 4.88 |
| Industrials | 160.77 | 170.05 | + 9.28 |
| Trans       | 120.05 | 120.05 | + 0.00 |
| Utilities   | 66.57  | 66.23  | + 0.34 |
| Finance     | 127.11 | 128.00 | + 0.89 |

## Tuesday's NYSE Closing

Via The Associated Press

## AMEX Diary

| Class     | Prev. |
|-----------|-------|
| Advanced  | 255   |
| Declined  | 257   |
| Unchanged | 251   |
| New Highs | 6     |
| New Lows  | 4     |

## NASDAQ Index

| Close       | Chg.   | Week Ago | Year Ago |
|-------------|--------|----------|----------|
| Composite   | 376.86 | + 1.76   | 351.32   |
| Industrials | 357.07 | + 0.15   | 357.32   |
| Finance     | 427.32 | + 0.61   | 403.59   |
| Utilities   | 380.00 | + 0.31   | 378.00   |
| Trans       | 370.81 | + 4.01   | 368.85   |

## AMEX Most Actives

| Vol.    | High  | Low   | Last  | Chg. |
|---------|-------|-------|-------|------|
| Amdahl  | 512   | 376   | 364   | + 18 |
| AT&T    | 4,492 | 918   | 918   | + 15 |
| TexAir  | 1,126 | 112   | 112   | + 15 |
| RelTel  | 2,258 | 1,528 | 1,528 | + 15 |
| GenCorp | 2,258 | 1,528 | 1,528 | + 15 |
| NSG     | 1,258 | 1,258 | 1,258 | + 15 |
| ICP     | 1,258 | 1,258 | 1,258 | + 15 |
| Time    | 1,846 | 1,246 | 1,246 | + 15 |
| FausPr  | 1,246 | 1,246 | 1,246 | + 15 |
| Orca    | 1,246 | 372   | 372   | + 15 |
| Demco   | 1,168 | 128   | 128   | + 15 |
| Nestor  | 1,168 | 128   | 128   | + 15 |
| Alcatel | 1,168 | 128   | 128   | + 15 |
| Grilac  | 1,168 | 128   | 128   | + 15 |

## NYSE Most Actives

| Vol.                    | High | Low | Last | Chg. |
|-------------------------|------|-----|------|------|
| Dow Jones Bond Averages | 784  | 771 | 771  | + 15 |
| Bonds                   | 857  | 842 | 842  | + 15 |
| Utilities               | 859  | 840 | 840  | + 15 |
| Industrials             | 873  | 857 | 857  | + 15 |

## NYSE Diary

| Class     | Prev. |
|-----------|-------|
| Advanced  | 784   |
| Declined  | 784   |
| Unchanged | 467   |
| New Highs | 12    |
| New Lows  | 18    |

## Odd-Lot Trading in N.Y.

| Buy      | Sales   | Chg.    |
|----------|---------|---------|
| April 18 | 291,348 | 479,543 |
| April 19 | 362,247 | 438,601 |
| April 12 | 291,259 | 351,592 |
| April 13 | 291,259 | 427,195 |
| April 12 | 364,642 | 419,175 |

\*Included in the sales figures

## AMEX Diary

| Class     | Prev. |
|-----------|-------|
| Advanced  | 255   |
| Declined  | 257   |
| Unchanged | 251   |
| New Highs | 6     |
| New Lows  | 4     |

## NASDAQ Index

| Close       | Chg.   | Week Ago | Year Ago |
|-------------|--------|----------|----------|
| Composite   | 376.86 | + 1.76   | 351.32   |
| Industrials | 357.07 | + 0.15   | 357.32   |
| Finance     | 427.32 | + 0.61   | 403.59   |
| Utilities   | 380.00 | + 0.31   | 378.00   |

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| Class     | Prev. |
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\*Included in the sales figures

## Dow Jones Averages

| Open        | High   | Low    | Last   | Chg.   |
|-------------|--------|--------|--------|--------|
| Industrials | 206.12 | 206.28 | 206.12 | + 0.06 |
| Trans       | 188.32 | 188.50 | 188.32 | + 0.18 |
|             |        |        |        |        |

# West Germany: Looking East

## IN THE NEWS

### Jan. 18: Soviet Minister Arrives in West Germany

The Soviet foreign minister, Edward A. Shevardnadze, arrives in West Germany for a two-day visit highlighting improvements in East-West relations.

### Jan. 22: Bonn, Paris Form Defense Council

West Germany and France set up a Council on Defense and Security for regular consultations on their growing military cooperation.

### Feb. 20: Kohl, Reagan Meet

Chancellor Helmut Kohl holds talks with President Ronald Reagan in Washington in advance of the NATO summit in Brussels. Discussions center on the effects of NATO on the reforms in the Soviet Union and the reduction of conventional forces on the European Continent. Mr. Kohl also tells Secretary of State George P. Shultz that Bonn would accept modernization of short-range missiles that are based mainly on West German soil.

Helmut Kohl

### March 13: Kohl, Gorbachev Announce Summit Plans

Chancellor Helmut Kohl announces that he will visit Moscow late this year while Mikhail S. Gorbachev, the Soviet leader, announces he will go to Bonn in the first half of next year.

### March 20: CDU Retains Majority in State Vote

Chancellor Helmut Kohl's Christian Democratic Union retains a majority in Baden-Württemberg's state elections.

**In a changing world  
you need a steady partner**

## Kohl Directs a Policy 'Balancing Act'

People are talking more openly than ever before about the fact that German reunification is out of reach for the foreseeable future.

By Henry Tanner

**B**ERLIN — The two Germanys month to exchange 18 tiny patches of uninhabited territory on the dividing line between West and East Berlin. In all, the East Germans gave up 234 acres, 29 more than the West Germans. The negotiations lasted four years.

No economic or military interests were touched, but local traffic was improved. In one place, a sidewalk was reunited with the street from which it had been separated by the boundary.

The swap reflected the excruciating slowness at which relations between the two states are evolving. It also showed, again, that even the tiniest changes have far-reaching implications. It was seized upon by *Tages-Spiegel*, West Berlin's most respected daily, to point to the "fundamental dilemma" that the Bonn government faces in dealing with East Germany. Instead of moving toward German unity, "we are settling down as perfectly as possible in the division" between the two German states, the paper wrote in a front-page editorial.

West German politicians and newspapers have been talking more openly than ever before about the fact that German reunification is out of reach for the foreseeable future and that it will come about, if ever, only as part of an overall East-West settlement rather than through any action by the Germans themselves.

To live with this knowledge while at the same time promoting better relations with the East German regime and easing the life of the citizens in "the other Germany," is one of the main concerns of the center-right coalition government of Chancellor Helmut Kohl.

**HENRY TANNER** is a Paris-based correspondent for the International Herald Tribune.

Other preoccupations are: to conduct an active policy with Eastern Europe and the Soviet Union while at the same time restraining from anything that might upset the country's Western allies; to adapt to the thawing of tensions between the Soviet Union and the United States and to adjust military policies to the new vulnerability that comes with nuclear disarmament.

All this is a "balancing act," in the words of one official.

Foreign Minister Hans-Dietrich Genscher, more consistently than any other ranking Western leader, has been insisting that the West must respond positively wherever possible to the initiatives of Mikhail S. Gorbachev. Mr. Kohl, more cautious and conservative by temperament, is placing greater emphasis on the need to stay close to Washington.

In the economic field, the most pressing concern is to reverse the worrying loss of competitiveness of German industry and to start launching the social and economic changes that the country must make to remain Europe's foremost industrial power. Members of the business community and leading editors are saying that the politicians in power are not sufficiently alive to this problem.

The much postponed visit to West Germany of Erich Honecker, the East German leader, did not bring the historic changes in the German-German relationship that some had hoped for and others had feared. But West German recognition of East Germany as a separate state became more explicit.

"It was handled by both sides as a highly professional state-to-state encounter — there were no false moves," a West German official said.

Internationally, he said, the visit destroyed, or should have destroyed, whatever fears the French and others may have had about the two German states engaging in "secret diplomacy" behind the backs of their



David Suter

respective allies. It became quite clear that "we are not whispering into each others' ears or dreaming joint nationalistic dreams," he said, recalling the fears of an American colleague who had complained that the allies never know "what the Germans say to each other when they are alone."

Relations between the two states have become more routine. East Germans made an estimated five million visits to West Germany last year. The number of twin cities is

rapidly increasing — Hamburg and Dresden being the most recent ones. East German musicians and actors and directors are performing back and forth, a reflection of the fact that cultural exchanges are the easiest form of contact. There are frequent contacts between politicians and officials.

A wave of political unrest that erupted in

Continued on page 14

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A newly relaxed U.S. attitude toward Bonn is a reflection of election year concerns, but quarrels over telecommunications and farm policy are simmering.

### Coasting in Brussels 10

In its roller-coaster relationship with the European Community, West Germany is riding smoothly.

### Gloom on the Ruhr 11

Amid labor strife and flagging negotiations, West Germans are seeking a formula for the future of the industrial heartland.

### Quieting Critics 12

Economic partners have eased their demands on West Germany. The reason: People are starting to believe the Bonn government when it says it can't do more.

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The economy is expanding, orders are up and consumer and business confidence are strong.

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Amid a relaxing of emigration rules in the Soviet Union, ethnic Germans are returning to their ancestral homeland.

### East-West Worries 15

"The Gorbachev effect" has deepened, not lessened, West German awareness of differences separating East and West.

### Nuclear Consensus 15

West Germans are adjusting to life after the INF Treaty, and a consensus is forming on the issue of short-range nuclear missiles.



Lion in front of the former Munich Royal Palace

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# U.S. Warns of Backlash Over Farm Subsidies

By Paul Blustein and Stuart Auerbach

**W**ASHINGTON — There are plenty of things the United States would like West Germany to do on the economic front. Grow faster, for one.

But the Reagan administration is not about to embark on a noisy campaign to pressure Bonn into major economic policy changes — not in the administration's final, lame-duck year.

"This is a game of tit-for-tat," said one U.S. policy maker. "And these days, we ain't got much tat."

Six months ago, a rift over monetary policy between Washington and Bonn helped plunge financial markets into an unprecedented panic. Today, the two countries are experiencing a period of unusual calm in their monetary-policy relations.

On trade, U.S. officials profess growing annoyance with what they see as German foot-dragging. Yet, there are no thunderheads on the horizon.

How long this era of amity lasts depends on a number of factors — not the least among them the stability of the markets. But for now, at least, U.S. officials see little likelihood that they will be pressing the government of Chancellor Helmut Kohl anytime soon to alter its policies, despite continued disappointment with the failure of West Germany's economy to expand more robustly.

In part, the relaxed U.S. attitude reflects a desire to get through the presidential election year without a repeat of the events of last October, when rising German interest rates and the resultant outbreak of verbal hostilities between Treasury Secretary James A. Baker 3d

and Finance Minister Gerhard Stoltenberg contributed to the plunge on Wall Street.

Economic conditions are relatively good, yet there continues to be nervousness in financial markets, observed an administration official. "So, nobody wants to do much that might undermine the good achievements and give added weight to the fears."

Beyond their election-year concerns, U.S. officials acknowledge there is little Bonn could do right now that would improve global economic performance very much.

A senior Treasury official said, "the Germans have honored what they said they were going to do" by adopting stimulative fiscal and monetary measures. "The Germans could do more in terms of achieving stronger domestic growth, but we have been pleased with what Germany has done up to now," he added.

What's more, Washington realizes it is in a weak bargaining position over the issue of what major industrial powers should be doing to alleviate global trade imbalances. While Japan appears to be doing its part by stimulating domestic demand and shrinking its trade surplus, the United States appears to be undergoing its own adjustment at a considerably slower pace.

"U.S. domestic demand shouldn't be as strong as it is right now" if the United States is

to reduce imports and narrow its trade deficit significantly, said Klaus Friedrich, a former Federal Reserve official. "So we are, in a sense, the ones who are falling out of the scenario by having stronger growth in domestic demand than we ought to," said Mr. Friedrich, director of the European department at the Institute of International Finance.

To be sure, Washington could quickly develop a harder-nosed attitude toward Bonn if, say, the dollar were to go into a new nosedive and the West German authorities refused to assist in propping it up.

Moreover, once a new U.S. administration takes office, pressure will probably mount anew from Washington for West Germany to stimulate its economy. The leading Democratic candidate, Governor Michael S. Dukakis of Massachusetts, has stressed in his speeches the need for help from major U.S. trading partners in alleviating global imbalances. And if Vice President George Bush were to win the White House, he would almost certainly put heavy emphasis on economic coordination. His top adviser on such matters is Mr. Baker, the architect of the current coordination process.

But for now, U.S. officials seem resigned to leaving the Kohl government alone on monetary issues and hoping for a relatively smooth economic performance in 1988.

On trade, too, the odds appear weighted against a big clash between Washington and Bonn in the near future, although there are several simmering quarrels. The most divisive issues are Germany's reluctance to open its telecommunications market to U.S. companies and its stalling on U.S. efforts to eliminate farm subsidies among the world's industrialized nations in multilateral trade talks.

"We are telling our German friends these days that they are looking very negative," said a senior U.S. trade official. "Everyone used to call France 'the bad boy of the European Community.' Now we see Germany in that role."

The farm issue is the most critical, with West Germany seen in Washington as fighting any possible consensus within the EC on new rules for international trade in farm products within the General Agreement on Tariffs and Trade (GATT). This is a cornerstone of the U.S. program in the current global round of trade talks to strengthen and revitalize GATT.

U.S. officials believe the Bonn government is trying to protect its small and inefficient farms, especially those in the southern part of the country, by retaining the high subsidies of the EC's Common Agricultural Policy. The Reagan administration has proposed new GATT rules that would eliminate subsidies within a decade.

U.S. officials say they have been telling German industrialists, who depend on open markets, how their country's agricultural policy can hurt their export business in hopes of generating a domestic backlash against the protected farmers.

While the telecommunications issue is simmering beneath the surface, it could come to a head if a new trade bill, currently caught up in



Chancellor Kohl and President Reagan at the White House.

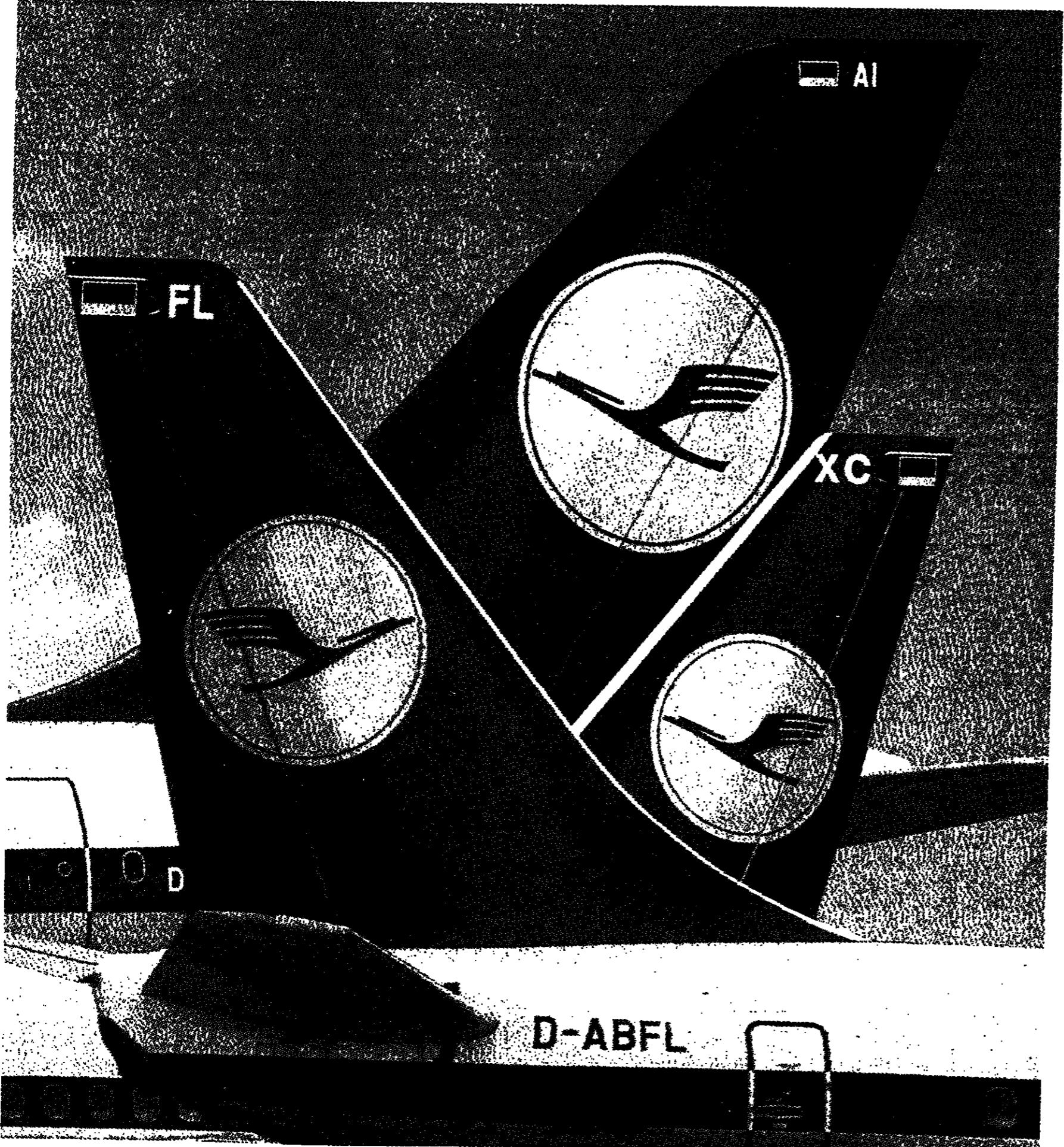
a dispute between President Ronald Reagan and Congress, finally gets signed into law. The bill contains a telecommunications trade section that would force negotiations with countries that sell equipment in the United States while protecting their own markets.

While the bill is threatened with a veto on the nontrade issue of plant closing notification,

the legislation has strong support from U.S. industry and many lawmakers and could be resurrected without the plant closing measure Mr. Reagan opposes.

PAUL BLUSTEIN and STUART AUERBACH are Washington Post financial reporters specializing in international trade matters.

## Starting for Germany.



Lufthansa

## Bonn Reinforces Its Position as A Leader of EC

By Paul L. Montgomery

**B**RUSSELS — In the 30 years since West Germany helped found the European Community, relations between the two have been on a roller coaster — enthusiasm followed by rejection, optimism giving way to disappointment.

Officials agree that at the moment the German position within the EC is on the up way. The six-month German presidency, which lasts through June, has performed prodigies in resolving crises in the budget and agricultural spending.

More remarkable, Chancellor Helmut Kohl has openly sacrificed the interests of German farmers and has accepted massive transfers from the German budget to the community budget.

There is even talk that when the next European Commission takes office on Jan. 1, 1989, the Federal Republic will provide officials of wider prestige and more clout than has previously been the case. As befits the country's central position in the community, the international civil servants already provided by West Germany hold key posts, but under the rules those executives are supposed to drop national concerns and work for the good of all.

The European summit at Hanover on June 27-28, with West Germany presiding, will determine the next president of the European Commission. It is widely assumed that the incumbent, Jacques Delors of France, will run again and will be selected for a further four-year term. However, West Germany will have considerable persuasive powers. There is even talk that the next commission, beginning in 1993 along with the scheduled start of the internal market, could be headed by a German.

It was only a year ago that the commission went on mass to the Federal Republic to stop the slide of declining confidence and cooperation. "I fear the government in Bonn lacks the same interest in the construction of Europe now that it had in former years," Mr. Delors said at the time. Now he credits Chancellor Kohl for putting his shoulder behind many of the community's recent reforms.

**W**EST Germany's position at the apex of the EC is so weighty that it sometimes threatens to topple. The country is the most populous of the 12 members, with nearly 19 percent of the population of 324 million. It is also the richest, with nearly 27 percent of the community's total gross domestic product. Since 1984, only the Federal Republic and the Netherlands have consistently run surpluses in intracomunity trade. Germany's massive surplus with the United States, second only to Japan's, has strengthened the Deutsche mark month after month, causing periodic realignments of the European Monetary System.

West Germany's burden in the EC is equally heavy. According to the Federal Republic's representation office, Germany supplied 28 percent of 9.8 billion of the 1986 budget of 35 billion ECUs (\$28 billion) and got back only 5 billion ECUs in benefits. It was former Chancellor Helmut Schmidt who described West Germany as "the paymaster of Europe," and it is that feeling that has prevailed in German public opinion, at least until Mr. Kohl's recent initiatives.

But beyond the cost-benefit arguments about Germany and Europe, there is a psychological and historical backdrop that colors all

the elements of the relationship. There is little question that these reasons were uppermost when the Federal Republic embraced the idea of Europe in the 1950s. Claus-Dieter Ehrmann, who headed the commission's legal department for years and is now Mr. Delors' spokesman, has been a close observer of his country's relationship. "At the beginning, there was enthusiasm because it was a way to regain respectability and equality of treatment among nations," he says. Chancellor Kohl has even suggested that the Federal Republic adopted Europe as a kind of father-substitute for its own nation-state.

At the same time, the strengthened mark and the agricultural chaos in community policy was clearly hurting German farmers, who were having to accept cuts at the same time that less efficient countries were growing fat. As industry grew and thrived, the politically powerful farmers howled.

## Will the 1990s be the German decade?

their complaints. It is this alternation of industrial growth and agricultural shrinkage that has probably done the most to create the swings in German public opinion.

Germans have accepted their heavy burden of payments to the community because they know that German industry benefits, said Mr. Ehrmann. "But these benefits are sometimes very difficult to quantify."

Mr. Kohl's recent willingness to present West German policy to the electorate as a "success" seems to have cleared the air and increased support. The German presidency, alongside Mr. Delors and the commission, worked hard for the agreements at the European summit in February. West Germany even introduced a new technique: bilateral negotiations between disputants when a consensus could not be obtained at plenary meetings. "Chancellor Kohl's overall record in the last three years in favor of Europe has been truly remarkable," said Mr. Ehrmann.

If there has been any criticism of West Germany, it has been directed at the two German commissioners, Karl-Heinz Narjes, the senior commissioner in charge of industry, is from Mr. Kohl's Christian Democratic Party. Peter Schmidhuber, appointed last fall to take over regional and labor policies, is from the rightist Bavarian Christian Social Party, a member of the governing coalition. It is the first time that an opposition politician has not been included in the German delegation.

But amid all the temporary irritants there looms the great single market of 1992. Despite disagreement on many proposals for integration, particularly regarding financial markets and capital movement, the Federal Republic realized the benefits to be gained and the penalties for intransigence. The Bundesbank, the German Federation of Industries and other power centers are continually urging the government to promote work on the internal market. The 1990s are already shaping up as the German decade in Europe.

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This leaves

Manfred Wörner, director of the

NATO in West Germany's

Chancellor Helmut Kohl's

military source, said

members in January

with more funds for

the cabinet has planned

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# Steelworkers Struggle to Keep the Ruhr's Smokestacks Sparking

The opposition has called the government actions 'the sellout of an entire region.'

By Ferdinand Protzman

**D**UISBURG — In the quiet neighborhood of Marxloh in the heart of the Ruhrgebiet, West Germany's stronghold of steel and coal, a 19th-century brick row house, blackened by decades of soot, stands as a monument to the nation's industrial revolution.

The future of this classic example of steel-worker housing, which is protected as a historical landmark, is secure. The fate of the area's steel and coal industries and their thousands of workers is very much in doubt.

The strength of those industries, the pillars on which the Ruhr was built, has been badly eroded by overcapacity, rising competition from low-labor-cost nations and declining demand on the global market. The number of closed mills and mines has risen steadily despite years of cost-cutting and layoffs, and the night sky is no longer bright with the glow of blast furnaces.

The Ruhr's problems are most evident in Duisburg, whose fortunes have been tightly interwoven with steel production for over 100 years. Those fortunes have flagged badly of late. The Duisburg area has lost nearly 20,000 jobs in the past two years and unemployment is currently at 16.3 percent, well above the national rate of 9.9 percent.

Since November, the city of 600,000 has seen some of the worst labor unrest in West Germany's history as workers protest a plan to close the Krupp steel plant in the Duisburg suburb of Rheinhausen.

On April 11, angry workers again blocked the bridge across the Rhine that connects Duisburg to Rheinhausen and its other western suburbs. But that action was minor compared with the mass demonstrations in December, when thousands of steelworkers and coal miners literally seized the Ruhr's major towns, blocking streets and cutting transportation links to draw attention to the region's plight.

The protests are focused on plans by West Germany's three leading steel companies to cooperate on production in an attempt to cut costs in the face of what they see as unfair foreign competition.

That joint announcement in late November by Fried. Krupp GmbH, Thyssen AG and Mannesmann AG came hard on the heels of an agreement between the steel unions and pro-



Steelworkers protest plan to close Rheinhausen plant.



In Duisburg, endangered smokestacks overshadow children at play.

John Cope-Van Hasselt

ducers to cut 35,000 jobs by 1989. But it was the news that Krupp Stahl AG, Krupp's steel subsidiary, would close its Rheinhausen plant that sent the workers into the streets.

"Krupp told us that the work force here would be reduced, but that the plant would stay open," one Krupp worker said. "Then they reneged on that. We know the steel industry can't go on forever. But we want them to keep this plant open until the government and the steel companies create real, lasting alternative jobs for us. That is why we are fighting to keep Rheinhausen alive."

In the wake of the protest, Krupp agreed to create substitute jobs or give early retirement benefits to all but 1,300 of its Rheinhausen employees. But the plan requires approval of the company's managing board and the IG Metall metalworkers' union and talks on the issue broke down early this month.

Economics Minister Martin Bangemann calls the restructuring of the nation's steel industry unavoidable because of the situation in the global steel market and has indicated that negotiations on renewed production quotas for European Community steelmakers scheduled for later this year will be difficult and could result in further job cuts. But Mr. Bangemann says mass layoffs will not follow.

To ease the pain of the structural transition, the government has poured more than 5 billion Deutsche marks (about \$3 billion) in subsidies into the steel industry since 1983 and plans to spend another 1.3 billion marks in social services for affected steelworkers in the next 10 years.

Opposition politicians have called the government's actions, "the sellout of an entire region," and the steelworkers' union, which represents 95 percent of the Krupp Rheinhausen workers, says,

"We are fighting against the attempt to cannibalize the restructuring, where the strong would devour the weak without consideration or mercy." But they have offered almost nothing in the way of counter-proposals.

Finding a solution and creating a solid foun-



dation for the Ruhr's future is a German problem, but the same difficulties plague steel-producing areas throughout Europe and the United States. Besides cutting costs and reducing personnel, many steel companies have diversified into other areas or switched from producing bulk crude steel to more specialized products, such as high-alloy steels and semi-finished products.

Steel sales now account for only 27 percent of Thyssen AG's revenue, compared with 50 percent in 1972. But its Thyssen Stahl AG subsidiary posted a 223 million mark loss in fiscal 1987. The steel operations of Krupp Stahl AG and Mannesmann AG also produced heavy losses in 1987.

Berthold Beitz, Krupp's supervisory board chairman, sees Duisburg's problems in an almost philosophical light. "In Duisburg,

through a painful birth of cooperation, a new beginning for the district will be found," he said recently.

But the Ruhr's woes go beyond Duisburg. Change is also sweeping the nation's coal-mining industry, whose primary customers have traditionally been the Ruhr steel companies. Their demand for coking coal has been steadily falling, but the coal industry has also been devastated by the high per-ton price of mining German coal and a steady shift toward crude oil and natural gas as sources of energy.

Dortmund, a city of 600,000 on the eastern

edge of the Ruhr, once boomed more than 30 coal mines. The Minister Stein mine, the last operating coal mine in the city, closed a year ago.

The industry's steady decline has only been slowed by government subsidies, totaling 24 billion marks since 1980. Producing West German coal costs about 290 marks a ton, while on the world market, coal sells for less than 100 marks a ton. The federal government and coal-producing states pay the difference, which allows West German steel producers to buy their coal.

Both government and industry realize this system is too expensive to maintain indefinitely. Heinz Horn, the managing board chairman of Ruhrkohle AG, the nation's biggest coal producer, blames the government for a lack of cohesion in its energy policy and has said his company is swamped with coal which could not be sold in a market suffering from a steadily declining demand for coke from the steel industry. After losing 220 million marks in

1986 and with another large loss expected for 1987, Ruhrkohle must continue to cut jobs and close mines, Mr. Horn said.

One day after the protests by steelworkers and miners rocked the Ruhr in December, the Bonn government, the nation's coal producers and the coal miners' union agreed to do just that. Over the coming eight years, production will be cut by 20 percent and 30,000 jobs will be eliminated. Production will be reduced by between 13 million tons and 15 million tons by 1993. West Germany's 157,800 coal miners produced 77 million tons of coal in 1987, down from 83 million tons in 1986.

The federal and state governments have tried to provide some relief for the Ruhr. On Feb. 24, government, corporate and union officials agreed to a 1 billion mark package of aid for West Germany's rust-bucket industrial areas.

The lion's share of the money will go to North-Rhine Westphalia, the nation's most populous state, whose heartland is the Ruhr.

The federal government will provide 400 million marks, the European Community 100 million marks and the various states will scrape up another 500 million marks. The package includes plans to make Duisburg a duty-free port, to locate a new federal space center in North-Rhine Westphalia and for the Bundespost, the West German post office, to increase its investment in the state.

But few concrete details have been announced and some critics say the plan is inadequate. They are particularly skeptical about making Duisburg a duty-free port, since that

status will only apply to 150,000 square meters

(1,614 million square feet) of the harbor area's 7.3 million square meters. "The duty-free port status alone will do little to produce a noticeable enlivening of either the port or the domestic economy," was the verdict in a report by the Ifo economic research institute in Munich.

More money is unlikely to be forthcoming from Chancellor Helmut Kohl's conservative coalition government. Mr. Bangemann has said he would like to see the level of government subsidies to all industries reduced by about 20 billion marks from their current level of 45 billion marks. Coal and steel subsidies should be reduced to a level where they are "bearable without being too painful for those being affected," he said.

The Ruhr's outlook is also clouded by shifting demographics. North-Rhine Westphalia currently has some 16.7 million inhabitants, but a recent survey by the state government projected that the total will fall to 14.7 million persons by the year 2015. The number of children and youths will decline by one-third, while the number of retirees will grow by 25 percent. And the number of ethnic Germans will decline, while the number of foreigners will climb from 1.3 million persons to about 1.9 million.

This means that in addition to the industrial restructuring, some major social shifts lie ahead.

**FERDINAND PROTZMAN** is the International Herald Tribune's correspondent in Frankfurt.

## VEBA 1987: Successful in Private Hands

### Performance 1987

| Consolidated Figures | 1987         | 1986         | Change  |
|----------------------|--------------|--------------|---------|
| Group external sales | DM 40,065 mn | DM 40,138 mn | - 0.2%  |
| Group net income     | DM 943 mn    | DM 919 mn    | + 2.6%  |
| Capital spending     | DM 4,400 mn  | DM 3,622 mn  | + 21.4% |
| Total staff          | 74,130       | 69,734       | + 6.3%  |

### 600,000 Shareholders

VEBA was fully privatized in March 1987 and is at present owned by more than 600,000 shareholders including 90% small investors and 35,000 VEBA employees. One third of VEBA's capital stock is foreign-held.

### Once More Favorable Results

The Group's net income rose once more against the preceding year although sales remained unchanged. The (preliminary) earnings per share using the new DVFA formula came to DM 24.00. The favorable development of earnings will once again make it possible to pay out a dividend of DM 10.00.

### New Equity Interests

With the acquisition of the chemical

and plastics operations of DYNAMIT NOBEL AG, HÜLS has taken a decisive step forward: the move into lines of business with growth potential. Braunschweigische Kohlen-Bergwerke AG (BKB) is now almost wholly owned by PREUSSENELEKTRA. The STINNES subsidiary RHENUS significantly reinforced its market position through the acquisition of the forwarders Gebr. Weichelt. VEBA took a 12.5% interest in HAPAG-LLOYD. Also worth mentioning: RUHRGLAS was sold.

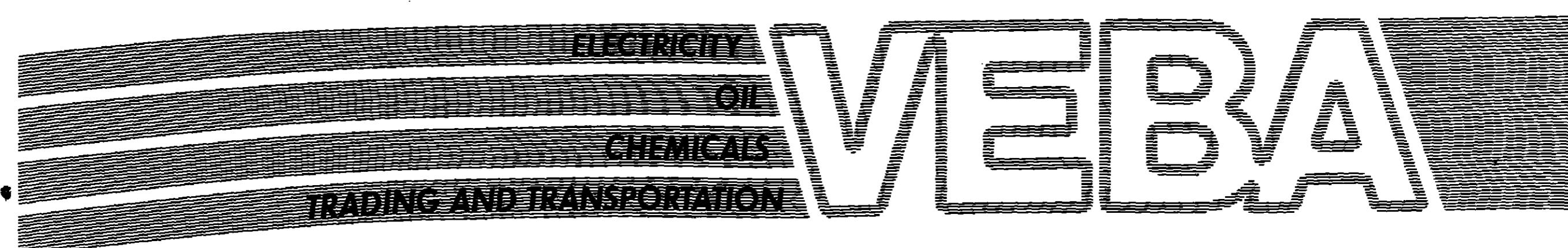
### Highlights of the Divisions

PREUSSENELEKTRA held its electricity prices constant for the fifth consecutive year and achieved good results despite high depreciation charges on new power plants. Having realized its capital spending for environmental protection ahead of the

deadline, VKR has strengthened its leading position as a company using domestic hard coal for electricity generation. New discoveries made by DEMINEX increased VEBA OEL's oil reserves; in crude oil refining, the company maintained its position. HÜLS recorded brisk demand at home and abroad and achieved another increase in profits. The trading companies STINNES and RAAB KARCHER reported favorable earnings and improved their market position. Large amounts were invested; besides the electricity division, capital spending focuses increasingly on the chemical sector. Plans are to invest DM 20 billion during the next five years to further the future of the Group.

### Outlook 1988

Judging by the business development so far, VEBA's shareholders can anticipate good results again in 1988.



To find out more about VEBA, please contact: VEBA AG, Karl-Arnold-Platz 3, D-4000 Düsseldorf 30, Federal Republic of Germany

# After Winter of Discontent, Demands on Bonn Easing

By Reginald Dale

WITH the mild spring weather, West Germany has won a respite from the stormy international onslaught on its economic and financial policies that gathered strength last fall as the economy appeared to be on the brink of a recession.

To their evident irritation, the country's economic and monetary authorities have had to spend much of the last few months fending off foreign criticism that they were not ready to pull their weight in international efforts to keep Western prosperity afloat by giving an extra boost to the German economy.

To many of its partners, West Germany's unwilling attitude appeared to reflect the view that it need not do anything to add buoyancy because its end of the ship was not sinking. At least for the time being, however, the angry mutual recriminations have receded.

"The pressure on Germany has eased," said J. Paul Horne, Smith Barney's Paris-based international economist. But he warned, "it could start again."

Washington began the assault, with bitter criticism of German monetary policies by Treasury Secretary James A. Baker 3d just before and again after last October's stock market crash.

Indeed, to many analysts, the outbreak of open tension between the United States and West Germany contributed at least to the timing, if not the extent, of the crash. It drew dramatic attention to the flimsiness of international efforts to solve the world's mounting economic problems.

Economists and officials from other governments, mainly in Western Europe, quickly took up the refrain. By late fall, the agonized debate on the future of the Western economy that the crash provoked was peppered with references to German "intransigence," even "selfishness," for refusing to boost growth to help its partners.

In late October, private analysts in Europe were warning that if West Germany turned a deaf ear to appeals for international cooperation, it could provoke a fresh currency and financial crisis, if not world recession.

By December, Bonn felt so beleaguered that it took the unusual step of publicly admiring the Paris-based Organization for Economic Cooperation and Development for describing the German growth performance as "unsatisfactory" in its annual economic outlook.

Shortly thereafter, however, the atmosphere began to improve, with the publication of a joint communiqué by the Group of Seven countries — the United States, Japan, West Germany, France, Britain, Italy and Canada — reaffirming their determination to coordinate their economic and financial policies.

Since then, in meetings of senior officials, Washington and Bonn have shaken hands and more or less made up, and the international clamor has quieted down.

"People are starting to believe the German government when it says it can't do any more, that there is not much point in carrying on bashing them," said Patrick Foley, deputy chief economist at London's Lloyds Bank.

Jean-Claude Paye, the secretary-general of the OECD, took a placatory line in a recent interview. West Germany "has probably not done as much as it can," he said. "But then, has any country ever done everything it could, when it should?"

It is not that the problem has been solved. The West German growth rate is still looking painfully slow. Last week, Finance Minister Gerhard Stoltenberg said that he now expects growth of at least 2 percent this year, against an earlier government forecast of 1.5 to 2 percent. Many private economists, however, believe that the figure will be nearer 1 percent.

Most economists in other countries, and some in West

## How Partners Kept the Pressure On

OCTOBER:

Shortly before the Oct. 19 stock market crash, U.S. Treasury Secretary James A. Baker 3d issues sharp criticism of West Germany's refusal to lower interest rates. The outbreak of open tension between the two countries is viewed as a major factor in the timing of the market fall. Private analysts in Europe later warn continued inaction could provoke a second crisis.



James A. Baker 3d

NOVEMBER:

In Western Europe, economists and officials lash out at West German "intransigence" and "selfishness" for refusing to boost growth to help its partners.



Gerhard Stoltenberg

DECEMBER:

The Organization for Economic Cooperation and Development describes West German growth performance as "unsatisfactory" in its annual economic outlook, drawing a sharp response from Bonn. But tensions ease after a joint communiqué by the Group of Seven countries — the United States, Japan, Germany, France, Britain, Italy and Canada — reaffirms their determination to coordinate economic and financial policies.



Jean-Claude Paye

JANUARY:

At the annual World Economic Forum in Davos, Switzerland, Hans Tietmeyer, the West German Finance Ministry's state secretary, argues that his country had done its part in aiding economic adjustment by allowing a strong increase in its budget deficit over the past two years.

FEBRUARY:

A Washington meeting between the U.S. treasury secretary and West Germany's finance minister, Gerhard Stoltenberg, ends cordially. Both officials say a new sense of economic cooperation is working well. Two weeks later, President Ronald Reagan tells Chancellor Helmut Kohl that he supports Mr. Kohl's efforts to stimulate the economy and hopes he will do more.

MARCH:

With hopes for economic expansion through fiscal and monetary measures stalled by West Germany's inaction, the secretary-general of the OECD, Jean-Claude Paye, begins a push for structural reform. Economists and government officials believe the approach may succeed in drawing more growth out of the German economy.

nor the Frankfurt-based central bank, the Bundesbank, is going to budge.

West Germany has contended that it is already doing as much as it can to stimulate growth, with a public-sector deficit proportionately well above those of the United States and Japan, and that if it tried to do more, it would risk igniting a burst of destructive inflation.

Secondly, the immediate postcrash hysteria has dissipated as stock and currency markets have found a precarious stability, and the world economy has, so far at least, survived the worst. Very slowly — too slowly, in the view of many experts — the economic imbalances that helped to cause the crash are being adjusted.

The United States is hoping that the dollar has now come down enough to correct the trade deficit," Mr. Foley said. "So U.S. spokesmen have stopped telling other countries, meaning Germany, to do more."

But he and other economists also believe that the

pressure could easily return, and not just from the United States. France, in particular, has for many months been chafing at the low German growth rate, which puts a similar cap on French expansion.

Unless West Germany grows faster, France cannot expand without drawing in German imports and risking a balance of payments and currency crisis. One way out for France would be to devalue the franc. But the conservative government of Prime Minister Jacques Chirac has adamantly resisted such a move, which would be widely interpreted as a sign of weakness, before the presidential elections that begin later this month.

After the elections, it may well be a different story. Numerous analysts expect the new French administration to confront West Germany with a choice between expanding its economy and a major realignment of exchange rates in the European Monetary System. Such a realignment would make German exports even more expensive by revaluing the mark against the other EMS currencies.

"The sluggish performance of the German economy will present the EMS with its greatest test to date," in the coming months, the American Express Bank said recently, echoing the view of many European economists.

The effect of the EMS in recent years has been to increase the German trade surplus [by keeping the mark undervalued] and to lower inflation elsewhere. Now that inflation is down in most countries [and close to German levels] and now that Germany's surplus is high, a strategic revision of the economic objectives of EMS countries may be expected," the bank said in its February review of the German economy.

"If German growth remains slow, then its EMS partners may choose to force a substantial currency realignment in order to allow a loosening of policy. A major realignment would further worsen the outlook for Germany," the bank concluded.

ANY economists are inclined to accept the German argument that it is difficult to stimulate growth further by conventional means, such as tax and interest rate cuts. "Does the German consumer need another car, another house?" asked Mr. Horne.

But they would also argue that much could be done to loosen the rigid structural barriers that hold back German expansion.

"The German economy is one of the most regulated in Europe," Mr. Horne said. "The labor market is stiff and unadaptive and industry is still heavily subsidized."

Mr. Paye would like to confront the German growth problem by tackling these so-called rigidities at next month's annual ministerial meeting of the OECD in Paris. He hopes that West Germany can be persuaded of the need for structural reform if it is part of a much-needed, wide European effort.

Others, like Mr. Foley, believe that structural change will take too long and that West Germany will ultimately have no alternative but "to grasp the nettle of running an even larger budget deficit," at least for a while.

The German economy is "the poor performer of the 1980s," Mr. Foley said.

Meanwhile, many analysts think that Washington could quickly return to the warpath, particularly if the dollar starts to slide again.

"Some time," he said "the market will realize that the dollar has not fallen enough to correct the U.S. trade deficit, there will be a bout of pressure on the dollar, and then U.S. spokesmen will be back again calling for German expansion."

REGINALD DALE is the International Herald Tribune's economics correspondent.

## Stability Key To Vitality Of Economy

By Edward Renter

TUTTGART — Businessmen are known to have a natural penchant for complaining, so one might be tempted to assume — erroneously — that they are afraid of change and are clinging to the status quo. In fact, the great majority of them are capable of adjusting their operations to changing circumstances if necessary, as they have shown since the events of last October.

Complaints about the instability of the international financial markets are still numerous and justifi-

### COMMENTARY

fied. But there are growing signs that the monetary turbulence around the world may prove to be less disruptive than had been feared.

European industries are endeavoring to change their internal structures in preparation for the creation of the unified internal market that is due in 1992. It is hoped that these restructuring efforts will bring a considerable acceleration of growth. But let us not forget that industrial restructuring alone is no cure. Political habits, too, will have to change. The parochialism that is still the fashion in most of Europe is an anachronism that cannot be ended fast enough.

German enterprises, moreover, are taking advantage of the new climate of East-West détente and are seeking to develop their trade with Eastern Europe and the Soviet Union.

Faced with a continuously low dollar, European industries will be able to remain competitive only if they find a way to reduce their costs. This has become an issue of vivid public debate in West Germany. Some hopeful signs have emerged on all sides. I am personally more confident than in the past that industry and the unions will be able to agree on reasonable compromises. German labor unions, over the years, have always been willing to accept reality. And management has been reasonable enough not to make excessive demands.

On balance, I am confident that the German economy will be able to maintain its vitality even at the present level of the dollar. As 1992 approaches, there are signs that many members of the German business and industrial community are changing the way they look at the world. With the new outlook has come an increased confidence that they will be able to cope with the challenges they are facing.

This does not change the fact that the instability of the financial markets is exacting a high economic and social price.

Unpredictably erratic currency movements are reducing the growth potential of Western industries because they make it impossible for many enterprises, particularly the smaller ones, to recognize and exploit any chances for expansion that may exist beyond their national borders. Stability, therefore, must be the prime objective of the economic policy of the world powers.

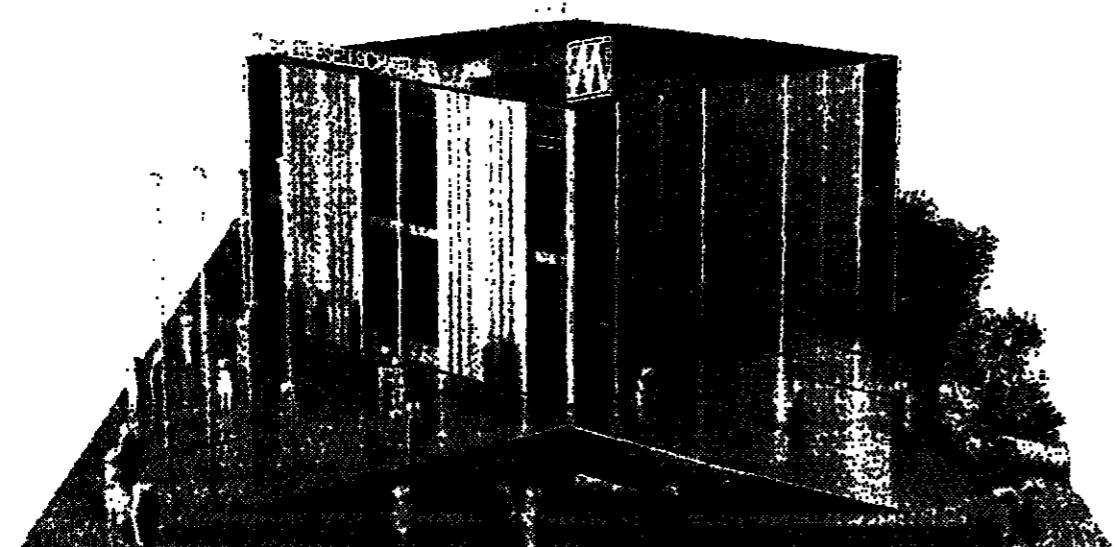
EDWARD REUTER is the managing board chairman of Daimler-Benz AG.

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## Minority Emigration

## Kohl Directs Eastern Policy 'Balancing Act'

Continued from page 9

East Berlin shortly after the Honecker visit has complicated but not seriously perturbed these exchanges. Bonn remained studiously silent even though the East Germans arrested hundreds of dissidents and expelled scores of others, while the number of unheeded applications for permanent emigration is growing.

The priority of Bonn's "inner-German" policy is not to embarrass the East German authorities, officials say, but to make life easier for the mass of East German citizens and permit the further easing of travel restrictions.

"This means making concessions; sometimes we are not raising our voice when perhaps we should," an official said, discussing the Honecker regime's crackdown on dissidents. There have been remarkably few public objections to this policy.

On the contrary, support for a moderate *Ostpolitik* has been growing on the political right.

Heiner Geissler, a secretary of Chancellor Kohl's Christian Democratic Party, is the author of a policy paper that says, among other things, that "German unity can be reached only in agreement with [Germany's] neighbors to the east and west" and as part of an overall settlement of the East-West conflict.

The draft has been challenged by hardliners within the party but is likely to be adopted by the next party congress in June. When the minister for inner-German affairs, Dorothee Wilms, used similar language in a speech in Paris, she was attacked by editorialists of the Frankfurter Allgemeine Zeitung, the influential and increasingly conservative daily, but surprisingly few others.

The trend toward the center is not confined to *Ostpolitik*.

Mr. Geissler and Norbert Blüm, the minister of labor and social affairs, have been trying to nudge the Christian Democrats toward the center also on social policy. They have been campaigning for bigger social security benefits and other social issues in an attempt to win new voters on the left of the party's traditional backers among farmers and members of the middle class.

On the left, it is the opposition Social Democrats that have been adopting centrist positions, in an attempt to widen their appeal beyond the the blue-collar workers that have long formed their core electorate.

The Socialist premier of Saarland, Oskar Lafontaine, has shocked both the labor unions and his own party, of which he is a deputy leader, by suggesting that wage earners who obtained a new contract reducing their working hours should agree to cut their wages in return. This, he argues, is the only way in which the shorter work week that is sought by the unions will create new jobs and reduce the number of 2.5 million unemployed.

The unions cried "treason" and "stab in the back" when Mr. Lafontaine made his proposal in the middle of crucial union-management negotiations. Employers and some rightist politicians applauded.

The controversy could be the beginning of a lasting divorce between the Social Democrats and the unions. Mr. Lafontaine has been identified with the left wing of his party. He won attention internationally some years ago when he led the Socialist opposition to the stationing of American Pershing II missiles and advocated the withdrawal of West Germany from the military organization of the North Atlantic Treaty Organization. He may be the Socialist candidate for chancellor in the next national election.



A grave marker stands before the Berlin Wall.

Peter Mazzynski/Hulton Library

Mr. Lafontaine is given credit for having touched off a long-overdue public debate on the state of the West German economy.

Many business leaders and independent economists believe that the economy is in deep trouble — not just because the dollar is weak but for more fundamental reasons involving industrial structures and even national attitudes.

"We are pricing ourselves out of the market," a banker said, citing an array of reasons, including the high cost of labor, high taxes, slow growth, stifling regulations and outdated social customs such as lack of flexibility and mobility.

A leading industrialist said that it was unrealistic to think that the unemployment rate "will come down in the foreseeable future." He urged a major effort to create vast new service industries, a sector in which the Germans are far behind their competitors.

Helped by modern technology and with the coming of an integrated European market in mind, German industrialists have been shifting an increasing part of their production facilities to countries where labor is cheaper, notably Spain, Italy and Britain, a businessman said.

The economic miracle is over; we may not yet be the "sick man of Europe" but we stopped being its "locomotive" long ago, and the only people who don't know it are the Germans," said an editor, deplored the tendency of German politicians to ignore the difficult economic questions.

Economic policy is likely to be the most important issue on the agenda when Mr. Kohl calls on Mr. Gorbachev in Moscow in September, German officials believe.

Contrary to some recent speculation, these officials do not expect the Soviets to "play the German card," in the form of a spectacular attempt to obtain the neutralization

of Germany by holding out the promise of German reunification or even only a confederation between the two German states.

Mr. Gorbachev, they reason, has embarked on a massive shift of resources from military to civilian purposes as the only way for the Soviet Union to compete with the West and stay a major world power. In order to carry out his program, they add, the Soviet leader needs the cooperation of Western industrial powers, including foremost West Germany and Japan.

"The Soviets need much of what German industry has to offer; and we need the Soviet market," an official said. He added that the Soviets will be anxious, for instance, to enlist West German and Japanese industries to provide the infrastructure for developing major new industries in Siberia.

The perspective was shared by a Western diplomat stationed in West Germany, who thought that the Soviet Union might find economic policy a better tool to drive a wedge between the Federal Republic and the Western allies than a straightforward political offensive, which would be doomed to failure anyway.

"What if they [the Soviets] offer to create hundreds of new jobs by ordering steel products in the Ruhr?" he asked.

Others, however, took issue with the concept of exporting manufacturing capacity to the East. The Soviets, a banker said, will continue for a long time to lack the financial means to make massive industrial purchases in the West. If they buy Western manufacturing plants, they will want to export most of what they produce. Citing a project to build a German shoe manufacturing facility in the Soviet Union, he said, "They will swamp us with a million pairs of cheap shoes a year: every job that we create there will cost one here."

One problem, said Dr. Fleischhauer, is that not enough is known about the history of the ethnic

## Russia's Ethnic Germans Coming Home to Roots

By Barry James

THROUGH two centuries of exile, through two world wars in which they were seen as traitors, through persecution and mass deportation, the ethnic Germans of the Soviet Union have held fast to their national roots.

Now they are coming back to their ancestral homeland in increasing numbers with the accents of a bygone age and the kind of national pride that has long gone out of fashion in West Germany.

Mikhail Gorbachev has eased up on emigration for the ethnic Germans after years of restrictions, and he appears to be trying to meet the pressure for emigration by liberalizing and improving conditions for the Germans who remain," said Sidney Heitman, a professor at Colorado State University at Fort Collins who has written several books about the subject.

As an indication of Moscow's more relaxed attitude, a team from Soviet television is scheduled to arrive in West Germany this week to make a program about the returns — more than 14,000 last year, a record, and about 6,000 in the first three months of this year.

By contrast, only about 4,000 Jews were allowed to emigrate last year. In 1986, 753 Germans left the Soviet Union.

Like the Jews and the Armenians, Germans are allowed to emigrate on the grounds of family reunification, the only motive recognized by the Soviet authorities.

Although "things anti-German are still promoted in many subtle and direct ways," according to Mr. Heitman, reforms started about five years ago and speeded up by the Gorbachev administration have produced what he called genuine improvements.

"The authorities have relaxed the restrictions on religious observance up to a point," Mr. Heitman said in a telephone interview. "They have allowed the teaching of German in the public schools in places where Germans are concentrated, although not as a first language. They have founded a German-language literary magazine."

According to Ingeborg Fleischhauer, a university professor who specializes in the history of the ethnic Germans, few of those who left the Soviet Union have become homesick and applied to return. One reason, she said in a telephone interview, is that unlike the Jews, the Germans do not have to renounce their Soviet citizenship when they leave. This means they can go back for short visits to see family or friends.

In addition, the Soviet Union recently began allowing some ethnic Germans to visit family members in West Germany on vacation. Dr. Fleischhauer estimated that several hundred have taken advantage of this facility.

All told, she said, about 100,000 Germans have arrived from Russia since the early 1970s with the advent of Chancellor Willy Brandt's *Ostpolitik*, or opening to the East.

The ethnic Germans are received at a reception camp at Friedland in Lower Saxony. Most automatically get citizenship papers, along with unemployment, sickness and pension benefits, help in finding jobs and apartments and a small amount of cash to tide them over.

One problem, said Dr. Fleischhauer, is that not enough is known about the history of the ethnic

Germans and their present condition now that they have been widely scattered around the Soviet Union. "That they have been twice victims of Germans themselves during two world wars is not generally recognized by the German public," she said.

She hopes this ignorance will be remedied next month with the holding of the first symposium about the ethnic Germans May 1-3. The symposium, which is expected to attract about 100 scholars, is being organized by the International Historical Commission on the Past and Present of Germans in the Soviet Union, of which Dr. Fleischhauer is chairman.

Germans started going to Russia in large numbers at the end of the 18th century at the invitation of the Empress Catherine, who appreciated their hard-working, sober and diligent qualities. The emigration continued in the 19th century, a cheaper alternative for the Germans than going to America.

They settled in two principal areas, in the lower Volga region and along the northern shore of the Black Sea, where they kept their language, religion

and customs. At the end of the 19th century, along with other minority groups such as the Jews, they began to suffer under a process of Russification.

During World War I, they were discriminated against, but later, under the New Economic Plan, they were granted autonomy by Stalin. When Hitler invaded Russia, the Volga Germans were brutally deported to Siberia. Some 350,000 Black Sea Germans were overrun by the Nazi invasion and sent to the West; but in 1945, 200,000 of them were forcibly repatriated and sent straight to labor camps.

In 1955, the ethnic Germans were granted amnesty and released from labor camps, but forbidden to return to their former areas. They settled instead in southwestern Siberia and central Asia.

There are an estimated 2 million of them, of whom 57 percent speak German as a first language, according to the last census in 1979.

"We have noticed a change of attitude, from Pravda to the provincial press, that indicates the authorities now accept that the ethnic Germans were the innocent victims of Hitler and not enemies of the state," Dr. Fleischhauer said, "and that they should be considered as loyal as any other citizens, with better guarantees on language, culture and even autonomy. The question is how far will this process go."

**BARRY JAMES** is a Paris-based correspondent for the International Herald Tribune. He reported from Moscow for United Press International from 1973 to 1976.

## Postal Reforms Meet Resistance

By Douglas Sutton

**B**ONN — Judging from the controversy already stirred up by Posts and Telecommunications Minister Christian Schwarz-Schilling's proposals for restructuring his ministry, the West German capital faces a summer of long and

heated debate before the legislation will finally get passed.

The plan looks simple on the surface: breaking down the postal system into three divisions — postal services, telecommunications and banking services.

In doing so, the ministry would be opening up one key area, telecommunications, to private industry, in effect, inviting competition where the powerful ministry has

enjoyed a monopoly and has harvested billions of marks in profits each year.

However, discussion already has made clear that, where powerful vested interests are at stake — authorities at both federal and state levels, as well as the unions — the restructuring decision will not come easily. And the large question looming above the debate is just how greatly will Mr.

Schwarz-Schilling's proposals be watered down?

Mr. Schwarz-Schilling has taken criticism from all sides: private industry, some of his own cabinet colleagues and the Postal Workers' Union. In March, the union held sporadic warning strikes to protest what it charged was a plan to "knock the postal ministry into pieces."

Opposition to breaking up the postal ministry's restructuring plans also has come from some top public-sector managers.

For example, in an article in the economic daily Handelsblatt, Helmut Cox, a Duisburg University economics professor and a specialist on the public-sector industry, argued against splitting apart the ministry's postal services and telecommunications services. The "internal subsidization" of the ministry, Professor Cox wrote, remained an important financial instrument to guarantee maintenance of the well-developed postal infrastructure.

By referring to the "internal subsidization," Professor Cox was pinpointing a key question about the postal ministry's financial viability if the Schwarz-Schilling restructuring proposals are put through: How will the traditionally money-losing postal services get along without the financial support now provided by the postal ministry's telecommunications earnings?

In 1986, the postal ministry achieved net profits of almost 3.27 billion Deutsche marks (\$1.9 billion), followed last year by 1.72 billion Deutsche marks, a performance based largely on the huge telephone and telecommunications networks network earnings, running upward of 138 percent of actual operating costs.

The earnings were high because West Germany has some of the highest telephone and telecommunications user rates in the world.

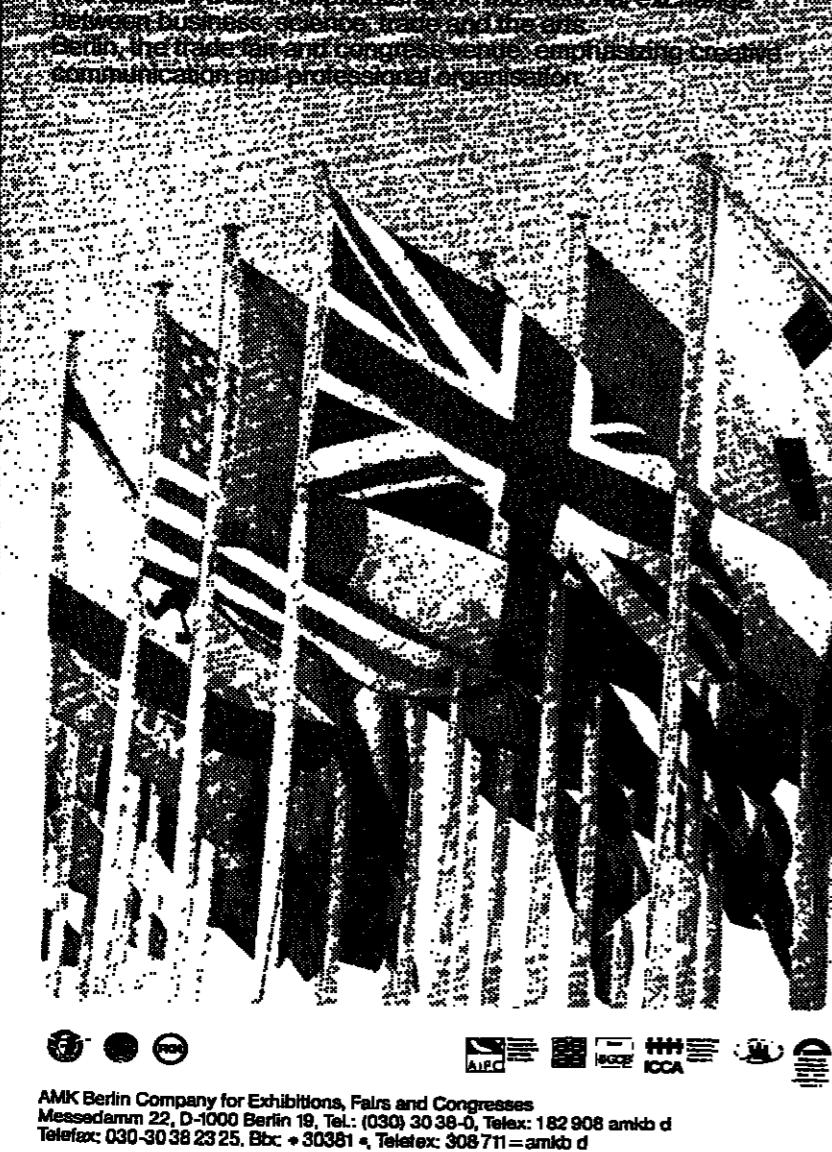
Besides the weighty financial considerations in the postal restructuring proposals, there are also major technological questions, telecommunications industry officials point out.

One issue is just how far the postal ministry will go to allow private industry to compete in setting up special telecommunications network services. At the moment, the ministry is strongly promoting the Integrated Services Digital Network (ISDN) concept for the 1990s. In so doing, some industry executives feel, the ministry is actually strengthening its position vis-a-vis the private sector.

Some industry analysts already believe that the postal ministry is backing off from its earlier euphoric visions for ISDN. If so, it would not be the first time that the ministry had changed its position.

Formally, the postal ministry has committed itself to the present 12 divisions, but at only a bit more than 10 percent, they will be ready to carry out a defense on short notice if the ministry had to be mobilized.

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**International Monetary Fund/The World Bank and  
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**Excerpt**

As of March 1988



Die Spielbanken in Nordrhein-Westfalen und Bremen laden ein:



**Internationales Spielcasino Aachen**



**Spielcasino Bad Oeynhausen**



**Spielbank Hohensyburg**



**Spielbank Bremen**

Böttcherstraße

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# Détente Is Expected To Sharpen, Not Blunt Human Rights Issues

Policy no longer needs to concentrate only on avoiding war.

By Christoph Bertram

**H**AMBURG — Since Mikhail S. Gorbachev's rise to the top post in the Kremlin, a latent fear has been revived in the West: that this skillful politician might succeed where previous Soviet leaders failed, namely, in dividing the Western alliance and, more precisely, in breaking West Germany away from its Western moorings.

In reality, as seen from West Germany, the Gorbachev effect has been exactly the opposite: it has deepened the West Germans' awareness of the differences that separate East and West and of the values that their country shares with its Western partners.

Of course, much of the Western fear has always been exaggerated. If it was Soviet policy to drive a wedge between Europe and America and between West Germany and its Western allies, it has been remarkably unsuccessful.

It is not likely that the new, reformist leadership in Moscow, whose priority is to rescue the country from economic decline, will devote much effort to this elusive aim. After all, even if the Soviets should, for once, succeed in sowing discord in the West, this would solve none of their pressing internal problems.

But, so the worriers ask, will the new, cooperative sounds emanating from Moscow not undermine Western vigilance and create the impression that there is nothing now that divides East and West?

Perhaps, whatever happens in the forthcoming negotiations on conventional arms, the Soviet Union will remain the military superpower in Europe. West Europeans will continue to feel the shadow of that power.

Moreover, the reforms in Moscow are likely to sharpen rather than blunt the sense of separateness between Eastern and Western Europe by drawing increased attention to the issue of human rights.

Traditionally, West Germans have been wary of raising the human rights issue in the East-West context. As a rule, governments as well as peace movements have tended to play down the repression of individual freedom in the East. Détente for West Germans has primarily been a policy for reducing tension between East and West, dictated by a concern over order and stability rather than over individual justice.

This, however, is changing, and one of the

major agents of this change is the disappearance of the fear of war. Only a few years ago, during the heated missile debate, people genuinely feared that nuclear war was inevitable.

Now, they have watched President Ronald Reagan and Mr. Gorbachev sign a treaty banning medium-range missiles. Quite properly, they have concluded that a major conflict in Europe is more remote today than ever; mutual caution, and its midwife, mutual deterrence, have seen to this.

Détente, therefore, no longer needs to concentrate only on avoiding war; it can afford to be concerned with the plight of individuals in conflict with repressive governments.

Mr. Gorbachev's call for openness and debate, moreover, has raised hopes for political liberalization that are bound to be disappointed. East European leaders are generally reluctant to embrace the new policies of Moscow, thus demonstrating to their own citizens and to those in the West, the limits of change in Communist regimes.

When human rights became a major political issue in the United States, it was over the question of Jewish emigration from the Soviet Union. In West Germany, the thorny problem of emigration from East Germany has had a similar effect.

The East German government has vacillated between repression and leniency. Faced with many thousands who want to move to the West, it tried to bar all emigration, then lifted the pressure by allowing many to visit West Germany, even permitting some to emigrate. The authorities have imprisoned demonstrators and released some of them, forcing others to leave the country in the hope of getting rid of the troublemakers.

In the past, it was the monopoly of the political right in West Germany to draw attention to the plight of East German dissidents. The Greens were the first to challenge that monopoly. And now, the Social Democratic Party (SPD), the traditional party of *Ostpolitik*, is following suit.

The leading political light of the younger generation, the SPD's deputy leader, Oskar Lafontaine, has become one of the most outspoken champions of the change. At the height of recent East German arrests, Mr. Lafontaine protested that the Social Democrats should not permit East Germany "to turn us into prostitutes and accomplices of their policy."

The shared East-West value of avoiding war is increasingly being satisfied in Europe. In contrast, the different values of human dignity and human freedom stand out all the more starkly. For the foreseeable future, Communist regimes will fall well short of the standards in the West and the demands of citizens in the East. That is why the gap between East and West will become more rather than less visible in the new, emerging era of détente, and why West Germans will feel confirmed rather than challenged in their "Westerness."

Traditionally, West Germans have been wary of raising the human rights issue in the East-West context. As a rule, governments as well as peace movements have tended to play down the repression of individual freedom in the East. Détente for West Germans has primarily been a policy for reducing tension between East and West, dictated by a concern over order and stability rather than over individual justice.

This, however, is changing, and one of the

elements of the relationship here is little question that the

causes were up to now that a

federal Republic embraced a

idea of Europe in the 1950s. Ch

ancellor Egon Bahr, who had

been a communist, had been a

member of his country's reg

ime. At the beginning there

enthusiasm because it was

to regain responsibility and

agility of thought among our

peers. Chanceller Kohl has

suggested that the Federal Re

public accepts Europe as a late

father-adoptive for its own

teenage state.

At the same time, the demands

of the SPD and the Social Dem

ocrats in Bonn are clearly making German law

who were having a difficult

time with their own country's

laws. The Social Democrats

have been a clear-cut

advocate of the "West

Europe" idea.

Even more serious, the funding that goes to

equipment procurement for the armed forces is

so low that Bonn has now sunk from being

close to the top among North Atlantic Treaty

Organization countries to 10th or 11th on the

list.

The Bundeswehr's present peacetime

strength of 495,000 will be nominally main

tained in the 1990s, but actually it will contract

to 456,000 active servicemen and 39,000 reserv

ists, despite extension of the draft from 15 to

18 months beginning next year.

Procurement graphs have fallen steeply.

This leaves departing Defense Minister Manfred Wörner going off to his new post as West Germany's first secretary-general of NATO with less than flying colors.

Chancellor Helmut Kohl, according to a military source, promised 50 Bundeswehr com

manders in January that he would come up

with more funds for defense in two years. And

the cabinet has pledged to restore in 1989 the

550 million Deutsche marks (\$325 million)

excised from the military budget in 1988.

But that will hardly provide the kind of

salaries needed to attract long-term volunteers

and compensate for the shrinking pool of

young men available for conscription in the

1990s. Nor will it purchase Leopard 2 tanks for

more than 16 all-purpose brigades, or fund a

successor for close air support to the Alpha jet,

which is to be decommissioned.

"It's natural," commented one defense offi

cial, explaining why all the procurement

graphs peaked under the Social Democrats

and have fallen steeply ever since the Christian

Democrats took over the chancellery in 1982.

He said that while the Social Democrats were

always under pressure from the conservative

opposition on the defense issue, the conserva

tives face no such burden.

Formally, the Bundeswehr Planning Confe

rence committed itself in February to keeping

the present 12 divisions with 48 brigades under

the structural reform to be effected by 1995.

But at only a bit more than half their current

manning, they will no longer be operationally

ready to carry out NATO's precept of forward

defense on short warning. They will have to

rely on reserves, who will take about 48 hours

to be mobilized.



Courtesy  
David Goldfarb

## Consensus Is Forming on Nuclear Missiles

By Elizabeth Pond

**B**ONN — The West Germans are finally adjusting to life after the INF Treaty, and a consensus is coalescing on the vexing issue of the North Atlantic Treaty Organization's short-range nuclear missiles.

The full shape of the treaty will have to await a new administration in Washington, but the general outline is already evident. It will consist essentially of trading off "modernization" of short-range nuclear forces (SNFs) such as the Lance missile for drastic cuts in nuclear artillery stationed in West Germany.

If Bonn has its way, it will also entail a restoration of primacy in deterrence missions away from short-range to longer-range theater missiles based on planes and ships.

Just such a deal has been anticipated by strategists since Washington and Moscow reached initial agreement last spring to eliminate all their land-based intermediate-range nuclear force (INF) missiles with ranges of between 500 and 5,500 kilometers (310 and 3,422 miles).

But it encountered American anxieties about Senate ratification of the INF Treaty as well as political jockeying in West Germany. Washington's preoccupation with technology clashed, as always, with Bonn's fears of any shift in superpower relations.

It was, thus, only with the press conference by Volker Rühe, the deputy parliamentary leader for the Christian Democratic Union (CDU), in mid-March that West German politicians publicly endorsed the agreement.

Mr. Rühe proposed dumping as many as half of NATO's post-INF 4,000 nuclear weapons and "restructuring" the rest to make them as "credible" as possible. This, he said, would mean favoring longer-range over shorter-range theater systems and getting rid of many of the least credible artillery pieces, which would be used almost exclusively on West German territory.

He added that reductions might be implemented either unilaterally or in negotiation with the Soviet Union, but an "absolute minimum" of nuclear weapons must stay to deter even a conventional attack.

"Modernization must be possible and must not be taboo," he added, but it could not be decided upon in isolation without first developing NATO's promised "comprehensive concept" of arms and arms control.

Retired Bundeswehr General Franz-Joseph Schulze, a former commander of NATO forces in Central Europe, said such a tradeoff makes sense because weapons numbers are a function of range. If the successor to the 110-kilometer-range Lance has a reach of 450 kilometers, it

would not only cover two-thirds of the main Warsaw Pact bases for offensive air operations in Central Europe, but would also provide wide lateral coverage to deter any massing of Soviet forces at the front for an attack. Then, much of the 20-kilometer-range artillery could be forfeited.

Mr. Rühe's approval of the concept is significant since a year ago he and Alfred Dregger, the CDU parliamentary leader, were the two main conservative opponents of the "second zero" (eliminating INF missiles in the 500-to-1,000-kilometer range as well as the 1,000-to-5,500-kilometer range).

At the time, Mr. Dregger complained that West Germany was being "singularized" in the unique threat it would face.

Mr. Dregger has not publicly approved Mr. Rühe's proposal, but CDU staff members say that Mr. Rühe's formulation reflects a center-right consensus that includes Mr. Dregger and even Chancellor Helmut Kohl.

If the solution that is emerging is so simple, why then did the NATO allies go through the shadow play of confrontation with the United States and especially Britain insisting that the West Germans first prove their loyalty to the West by modernizing the Lance? And why did Bonn resist so stoutly?

One reason, perhaps, was that anyone who has attached his faith in deterrence to a particular weapon (as the West German government performed did in battling for INF deployment in the mid-1980s) feels naked once that weapon vanishes.

This feeling of vulnerability is magnified for the front-line non-nuclear Germans whenever there is any shift in superpower relations, as

there was when President Ronald Reagan opened a new era of Soviet-American cooperation with the INF Treaty.

In addition, there was a sense of having been betrayed. For the first time in two decades, the West Germans had just won a basic commitment from the alliance that if it had to resort to nuclear weapons to avert conventional defeat, it would attack Soviet targets and not just West German territory. Yet, now, the very INF missiles that were intended to guarantee that commitment were to disappear.

At that point, the United States could have reassured the Germans that air- and sea-based theater-range systems could still perform the mission of holding Soviet territory at risk, stressing the merely supplementary role of INF in deterrence. But Washington feared a bruising fight over Senate ratification of the INF Treaty and put a higher priority on managing the ratification.

**A**t the same time, Britain and France, alarmed by the converging nuclear positions of the Dregger right and the Social Democratic left, which had opposed INF deployment altogether, insisted that the Bonn government renounce any "triple zero" (eliminating all short-range missiles) and any slide toward the "denuclearization" of Europe. This meant burying Bonn's hopes of negotiating away some of the 88 Lances in West Germany and, many more, of the Soviet Union's 1,365 SNF missiles to achieve an equality that would still be short of zero.

The Americans feared that the West Germans

government had been so shaken by the battle over INF deployment that, on the insistence of Foreign Minister Hans-Dietrich Genscher, it would fail to live up to the commitments on modernization made by the NATO Council in Montebello, Canada, in 1983.

More broadly, the British, French and Americans all feared a West German drift into letting nuclear weapons be "delegitimized" in the minds of the West German public.

The upshot was that for Bonn's allies, modernization of the Lance, and, for a time, the notion of setting a "firebreak" to nuclear arms control at the 500-kilometer range, became the theme of Western solidarity.

Unfortunately for the West Germans, there could hardly have been a worse symbol. The concept of a firebreak conjured up images of letting Germany burn down in any nuclear conflict in order to save France and Britain (and the United States). And the Lances were by far the most visible and controversial nuclear weapons around.

The straws were brought into the open at a meeting of defense specialists in Munich in February, which showed Mr. Dregger and Mr. Genscher just how isolated they were.

The result was that Mr. Dregger pulled back. Mr. Genscher was criticized indirectly by Prime Minister Margaret Thatcher at the NATO summit meeting and Mr. Rühe proceeded to mold the new consensus of trading SNF modernization for cuts in artillery.

ELIZABETH POND is the European correspondent of The Christian Science Monitor.

YOU WANT TO SPE

# Amid Pressures of 1992, Electronics Companies Jostle for Advantage

By Douglas Sutton

**F**ANKFURT — West Germany's electronics industry, in keeping with developments throughout Western Europe, is going more and more international these days to keep pace with cost-technical advances.

The process is by no means smooth as some of the more prominent players in the electronics game appear to be jostling one another for the best starting position in 1992, the year when the European Community is to have eliminated all internal barriers in trade, services and financing.

The latest example of this is the complaint by SGS-Thomson that it is being brushed aside in the high-technology Jessi (Joint European Semiconductor Silicon) project by Siemens and Philips to develop microchip technologies for the 1990s.

While that dispute goes on, the battle in West Germany for market shares and technological advances is being waged by such major companies as Siemens, AEG, Nixdorf, Standard Elektrik Lorenz (SEL) and the various U.S. electronics subsidiaries.

The next big event in the industry is expected in May, when the West German Posts and Telecommunications Ministry is to award a contract as high as 500 million Deutsche marks

(\$299 million) to expand its Datex-P data-transmission network.

The winner-take-all battle is between Siemens and AEG and nerves have been showing between the two companies as the deadline approaches. Eyebrows were raised when a Siemens executive praised his firm's EWSF system as being a "purely German development."

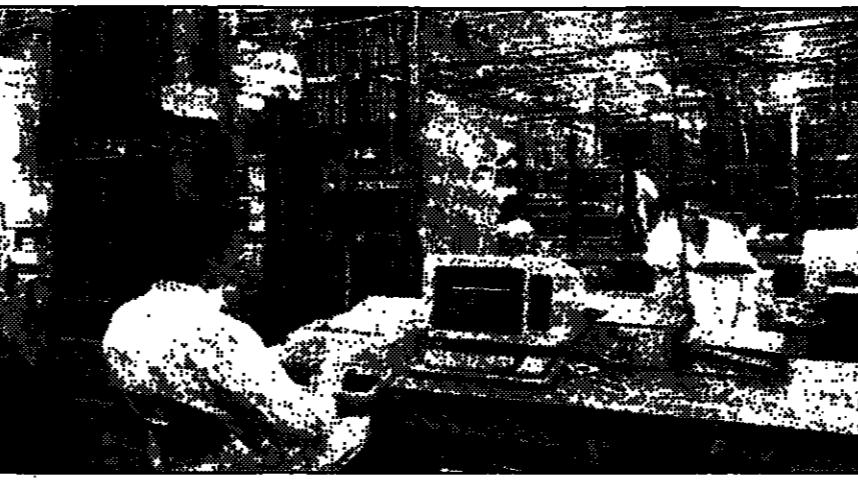
This was apparently meant as a jibe at AEG for teaming up with Northern Telecom of Canada in the AEG Olympia joint venture to offer up the Canadian company's highly successful Datapac system. It was all the more curious in light of Siemens' own widespread joint venture and cooperation activities with foreign partners.

The jostling comes amid a relative lull overall in West Germany's electrotechnology industry.

Helmut Lohr, chairman of the Frankfurt-based Electrotechnology and Electronics Industry Federation (ZVEI) as well as of the Standard Elektrik Lorenz company, predicted that overall output in the industry may rise by 1 percent in 1988. "if everything goes well."

Last year, turnover in the industry reached 159.2 billion Deutsche marks, a nominal 2.1 percent gain. Adjusting for inflation, the growth was only 1.3 percent over 1986 levels, when turnover increased by a real 2.5 percent.

Production in 1987 rose last year by just 0.2



Testing of a digital switching system for export at Siemens.

percent to nearly 135.1 billion marks, a major slowdown from the real 5.1 percent output advance made in 1986.

Exports, according to ZVEI statistics, reached 71 billion marks, an increase of 0.9 percent. This was a slowdown from the 1986 export growth of 3.7 percent, but still better

than expected following the U.S. dollar's steep decline. A stagnating market naturally sharpens the competition among the companies for their share. Meanwhile the stakes, such as Siemens' and AEG's huge up-front costs to compete for the Datex-P contract, get more risky, industry officials admit.

For many firms, the only solution is to join forces. For example, late last year, the Finnish firm Oy Nokia took over SEL's audio-video division. This followed similar steps in the German consumer electronics field in the past few years — Philips taking over Grundig and Thomson swallowing up Telefunken, Dual, Nordmende and Saba.

At a symposium during the giant CeBIT office equipment and technology fair in Hanover in March, Mr. Lohr of SEL remarked, "I'm a German and I feel German. Nevertheless, today we have to look at the global market."

Wolfgang Rucker, managing director of Hewlett-Packard GmbH, said at the same symposium that there had been a "dramatic change in relative short time" in the competitive landscape. "The trend is all the greater toward large suppliers of information technology which operate worldwide starting to cooperate with partners who know exactly the application problems of the local customers," Mr. Rucker said.

He added that "this provides the opportunity for the small companies to find a niche in the market and to thrive there."

While the small firms seek their niche, the large firms are fighting to get bigger chunks of the market.

Mr. Lohr told the symposium that the merg-

er process would be unavoidable if the Europeans were to keep pace with the Americans and the Japanese.

In the case of the major West German electricals firm, Siemens, the question of size is also a question of where, to put the emphasis.

A key part of its strategy today is focused on telecommunications. An Arthur D. Little study ranked the Munich company third in the world in 1986 with a turnover of \$5.6 billion, after AT&T's \$10.2 billion and Alcatel's \$8 billion and somewhat ahead of Northern Telecom's \$4.4 billion.

Siemens has spent half a billion dollars in developing the necessary software to try to compete for contracts from the 22 Bell Operating Companies in the United States. A company executive, Hans Bauer, admitted that to recoup the investment, Siemens will need to gain a 10 percent share of the American market by 1991.

The German computer industry is less euphoric than it was a few years ago, when annual growth rates of 30 percent and more were the norm, but it is still growing at a rate of 10 percent.

DOUGLAS SUTTON is an editor with the English-language service of DPA, the German press agency based in Hamburg.

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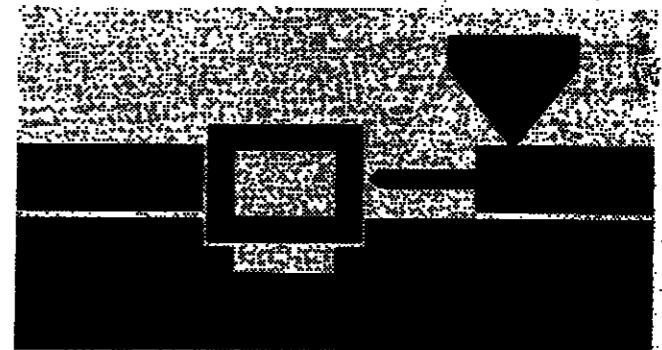
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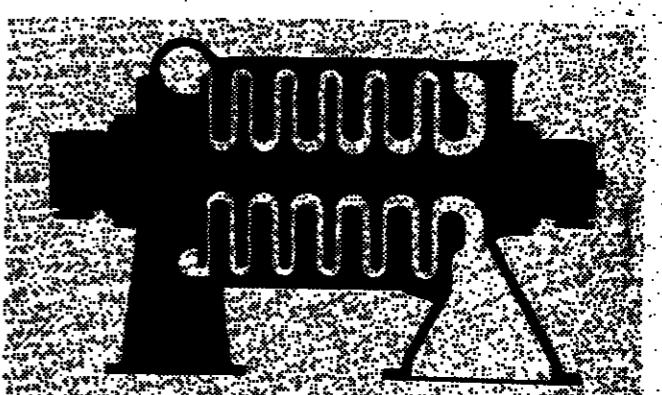
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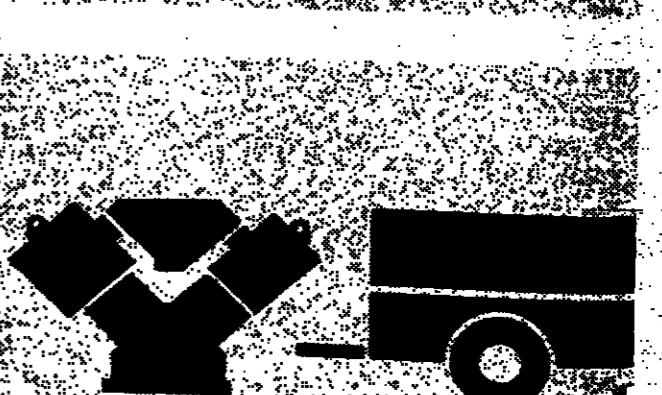
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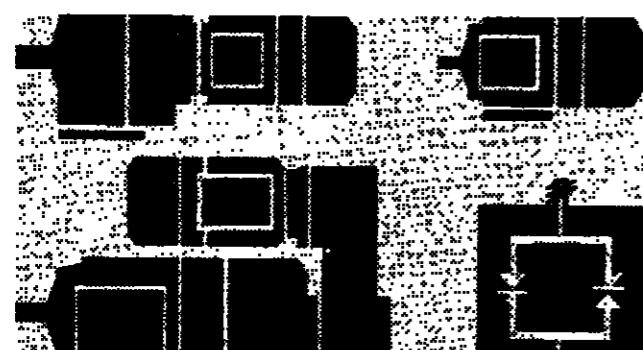
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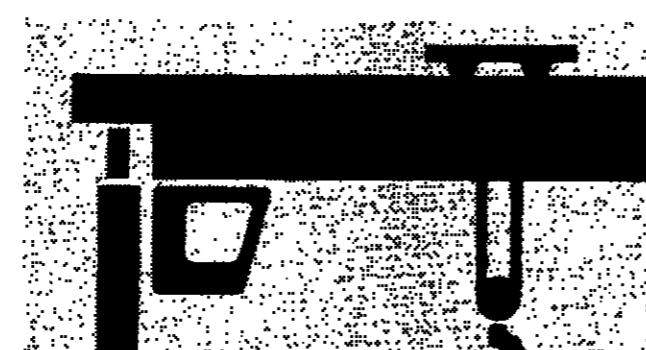
**Process gas compressors**  
Dynamic or positive displacement machines for air or industrial gas compression, and vacuum pumps



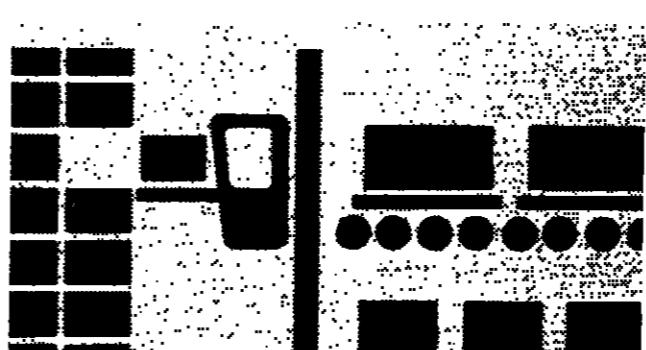
**Pneumatic equipment**  
Compressors, equipment and components for the construction and manufacturing industries



**Material handling components**  
Electric motors, control systems, hoists and travel units, control pendants, busbar lines



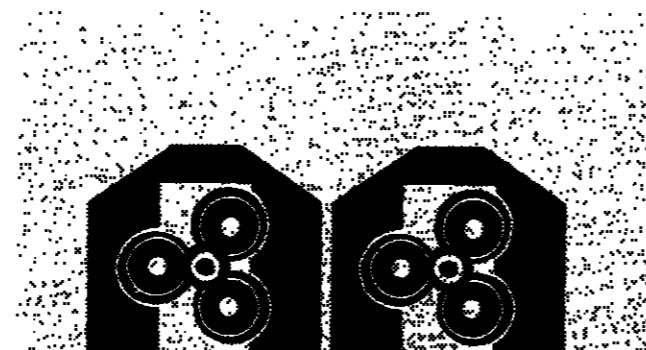
**Cranes and handling equipment**  
Cranes, load handling attachments, storage and retrieval machines, handling systems, controls



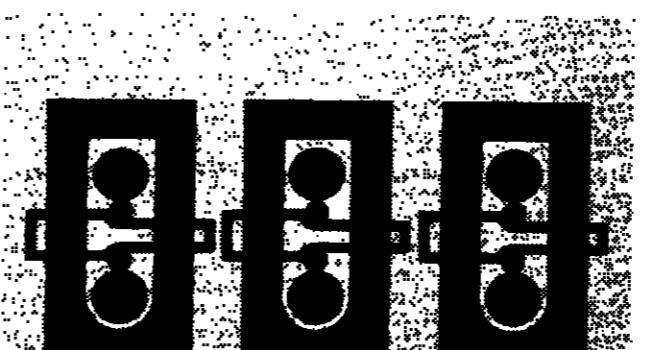
**Systems engineering**  
Storage, order-picking and material transport systems, planning and implementation of integrated material handling installations



**Metallurgical plant and equipment**  
Integrated works, blast furnaces, steel-making shops, secondary steel-making equipment, continuous steel casting machines, electrometallurgical facilities



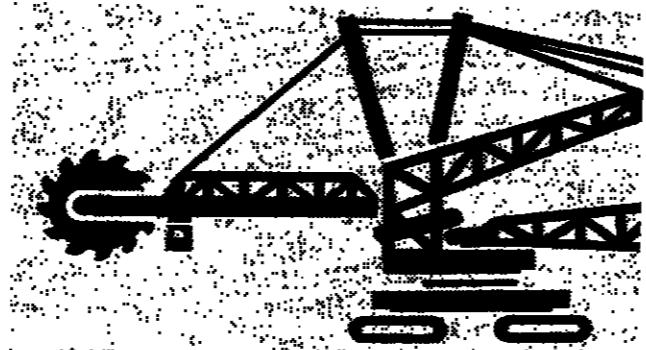
**Tube and pipemaking facilities**  
Plant and machinery for the production of seamless and welded tubes and pipes and hydraulic presses



**Rolling mill engineering**  
Rolling mills for sections, beams, rod, strip, plate and sheet, and strip processing lines



**Construction equipment**  
Hydraulic excavators, cable-operated hydraulic excavators, pavers, side finishers



**Mining engineering**  
Open-cast mining equipment, bulk handling equipment, large hydraulic excavators, tunnel-boring and shaft drilling machines, shaft winding systems



**Mobile cranes**  
Lattice-boom and telescopic cranes, pneumatic-tyre- or crawler-mounted harbour cranes, industrial yard cranes



**Pneumatic equipment**

Compressors, equipment and components for the construction and manufacturing industries

كما في المثل





## BUSINESS ROUNDUP

## Mellon, Earning \$25 Million, Returns to Profit

Compiled by Our Staff From Dispatches  
PITTSBURGH — Mellon Bank Corp., in a reversal of recent losses, said Tuesday that it earned \$25 million in the first quarter, compared with a net loss of \$60 million for the first quarter of 1987.

Mellon's return to profitability resulted primarily from a substantial decrease in its provision against problem loans from the first quarter of 1987, said its chairman, Frank V. Cabonet. Quarterly credit losses were also less than half those in the comparable period a year ago.

The bank's results followed a loss of \$234 million in the fourth quarter and a full-year loss of \$264 million. Mellon's losses were also less than half those in the comparable period a year ago.

The provision for loan losses for the first quarter was \$45 million, and net credit losses were \$44 million, including \$11 million of write-downs from the exchange of \$26

million of Mexican public sector loans for new Mexican bonds. The figures compare with a provision of \$175 million and net credit losses of \$95 million in the first quarter of 1987.

The bank's reserve for possible credit losses was \$1.131 billion, or 5.53 percent of its loans at March 31, essentially unchanged from the year-end level of \$1.130 billion or 5.59 percent.

Operating expenses, excluding the net expense of real estate acquired, totaled \$279 million in the first quarter, the lowest level since the second quarter of 1986.

The quarter's results included a number of nonrecurring gains and expenses, Mellon said. The gains included \$9 million from Mellon's agreement to consolidate its Cash-Stream automated teller machine network with another system, as

well as \$7 million on the sale of other assets.

The bank's return on assets for the first quarter, on an annualized basis, was 0.34 percent, and its annualized return on common equity 8.55 percent.

Among other bank earnings, Bankers Trust New York Corp. reported a slight 1.4 percent rise in quarterly profit to \$126 million from \$124.2 million in the year before.

Bankers Trust also reduced its loan-loss provisions to \$10 million from \$22 million.

The bank said that net profit included pretax profits from trading activities of \$48.2 million after \$101 million a year before, and a foreign exchange trading loss of \$19.6 million compared with a profit of \$82.8 million.

(UPI, Reuters)

## Morgan Stanley's Net Profit Rose 53% in First Quarter

Reuters

NEW YORK — Morgan Stanley Inc. reported Tuesday that its net profit jumped 53 percent to \$98.6 million in the first quarter from \$63.4 million a year earlier.

The U.S. investment bank also announced that it had authorized the repurchase of up to \$100 million of Morgan's common stock. Up to \$75 million of the stock will be purchased from stockholders in a secondary offering of up to three million shares, it added.

Morgan said the stock buyback would depend in part on the sale of its stake in Cain Chemical Co. to Occidental Petroleum Corp. Morgan expects to realize a pretax gain of about \$120 million in the second quarter on the sale.

The firm said that revenue climbed 31 percent in the first quarter to \$975.4 million from \$747 million a year earlier. Earnings per share advanced to \$3.82 from \$2.54 a year earlier. Morgan declared an unchanged quarterly dividend of 22.5 cents a share payable May 17.

In other first-quarter results, PaineWebber Inc. reported that its net profit fell 36 percent to \$20.8 million as the firm failed to regain its momentum in the aftermath of the October stock market collapse. The results included an extraordinary charge of \$2.6 million.

The earnings, which amounted to 48 cents a share, compared with \$32.6 million, or \$1.05 a share, in the first quarter of 1987. Revenue slipped 3 percent to \$607.9 million from \$625.4 million a year earlier.

"There is no question that Wall

## Company Results

Revenue and profits or losses, in millions, are in local currencies unless otherwise indicated.

## Belgium

**Grolier (W.W.)**  
1st Quarter 1988 1987  
Revenue 222.00 216.50  
Profit 12.70 9.70

## Kraft

1st Quarter 1988 1987  
Revenue 11.10 10.00  
Net Inc. 0.10 0.05  
Per Share 0.01 0.01

## G1 Western Fin.

1st Quarter 1988 1987  
Net Inc. 56.18 56.18  
Per Share 0.71 0.71

## Lilly (Elli)

1st Quarter 1988 1987  
Revenue 10.70 9.20  
Net Inc. 1.02 1.00  
Per Share 0.14 0.14

## Hasbro Industries

1st Quarter 1988 1987  
Net Inc. 10.30 7.30  
Per Share 0.29 0.27

## 1987 not includes gain of \$3.2 million.

## Netherlands

1st Quarter 1988 1987  
Revenue 16.70 16.70  
Profit 3.20 3.00

## Vendex

1st Quarter 1988 1987  
Revenue 12.50 12.50  
Profit 2.20 2.00

## United States

1st Quarter 1988 1987  
Revenue 228.90 302.00  
Profit 2.50 2.50

## Lockheed

1st Quarter 1988 1987  
Revenue 11.70 10.00  
Net Inc. 1.14 0.80  
Per Share 0.16 0.13

## Hercules

1st Quarter 1988 1987  
Revenue 10.50 10.00  
Net Inc. 1.00 0.80  
Per Share 0.14 0.13

## 1987 not includes loss of \$3 million.

## Hospital Co. Amer.

1st Quarter 1988 1987  
Revenue 10.80 10.00  
Net Inc. 1.00 0.80  
Per Share 0.14 0.13

## Manufacturers Han.

1st Quarter 1988 1987  
Revenue 14.30 13.00  
Net Inc. 1.13 0.90  
Per Share 0.17 0.15

## 1987 not includes gain of \$9 million.

## Int'l Minerals Chem.

1st Quarter 1988 1987  
Revenue 12.50 12.00  
Net Inc. 1.20 1.00  
Per Share 0.16 0.14

## 1987 not includes gain of \$9 million.

## Media General

1st Quarter 1988 1987  
Revenue 12.50 12.00  
Net Inc. 1.20 1.00  
Per Share 0.16 0.14

## 1987 not includes loss of \$3 million.

## Manville

1st Quarter 1988 1987  
Revenue 10.80 10.00  
Net Inc. 1.13 0.90  
Per Share 0.16 0.14

## 1987 not includes loss of \$3 million.

## Amer. Electric Pow.

1st Quarter 1988 1987  
Revenue 12.50 12.00  
Net Inc. 1.20 1.00  
Per Share 0.16 0.14

## 1987 not includes gain of \$9 million.

## Archer Daniels Mid.

1st Quarter 1988 1987  
Revenue 12.50 12.00  
Net Inc. 1.20 1.00  
Per Share 0.16 0.14

## 1987 not includes gain of \$9 million.

## Fst Bank System

1st Quarter 1988 1987  
Revenue 12.50 12.00  
Net Inc. 1.20 1.00  
Per Share 0.16 0.14

## 1987 not includes gain of \$9 million.

## Foster Wheeler

1st Quarter 1988 1987  
Revenue 12.50 12.00  
Net Inc. 1.20 1.00  
Per Share 0.16 0.14

## 1987 not includes gain of \$9 million.

## Coleman

1st Quarter 1988 1987  
Revenue 12.50 12.00  
Net Inc. 1.20 1.00  
Per Share 0.16 0.14

## 1987 not includes gain of \$9 million.

## Koerscher

1st Quarter 1988 1987  
Revenue 12.50 12.00  
Net Inc. 1.20 1.00  
Per Share 0.16 0.14

## 1987 not includes gain of \$9 million.

## Morton Thiokol

1st Quarter 1988 1987  
Revenue 12.50 12.00  
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Per Share 0.16 0.14

## 1987 not includes gain of \$9 million.

## Foster Wheeler

1st Quarter 1988 1987  
Revenue 12.50 12.00  
Net Inc. 1.20 1.00  
Per Share 0.16 0.14

## 1987 not includes gain of \$9 million.

## Koppers

1st Quarter 1988 1987  
Revenue 12.50 12.00  
Net Inc. 1.20 1.00  
Per Share 0.16 0.14

## 1987 not includes gain of \$9 million.

## Nixdorf Earnings Rise 19%

Reuters

FRANKFURT — Nixdorf Computer AG said Tuesday that its profit in 1987 jumped 19 percent to 264 million Deutsche marks (\$15.8 million) from 1986, despite the dollar's sharp fall.

Revenues at the West German computer giant rose 13 percent to 5.1 billion DM.

While the dollar's decline against the mark last year did squeeze exports by making U.S. goods more competitive, Nixdorf said that effect was offset because it had to pay less in marks for much of its supplies.

Klaus Lutj, the management board chairman, said that if the dollar had remained steady in 1987, foreign sales would have risen 15.1 percent, instead of 8.5 percent.

Meanwhile, he said, he expects that the double-digit growth rate in revenues will continue in 1988.

Nixdorf said its orders in hand at the end of 1987 were up 13 percent from the year before, at 5.1 billion DM.

Although the company wants to increase its share of European mar-

## OBLI-DM

Société d'investissement à capital variable  
10A, Boulevard Royal - Luxembourg

## DIVIDEND NOTICE

The Board of Directors of OBLI-DM have unanimously decided to distribute the income received during the financial year to 31st March, 1988 by assigning to shareholders DM 67,- per share held on the 13th of April, 1988.

The dividend will be paid to "A" shareholders on the 21st of April, 1988.

Dividend cheques will be sent to registered "A" shareholders.

The dividends not claimed by "A" shareholders within 5 years of the specified date will lapse and revert to the fund.

OBLI-DM

## Apple's Profit Soared 135% In 2d Quarter

New York Times Service

SAN FRANCISCO — Apple Computer Inc., whose second-quarter profit jumped 135 percent, should continue to register strong growth in earnings, analysts say, because it has repositioned itself as a supplier of computer networks and systems, not just personal computers.

Helped by the increasing acceptance of its Macintosh personal computer among large corporate customers, Apple on Monday reported that earnings soared to \$79.7 million from \$33.9 million in the comparable period a year earlier.

Revenues for the Cupertino, California, company rose 51 percent to \$867.2 million.

The company said it expected strong demand across all markets and product lines in the second half of the year.

John Dean, an analyst with Montgomery Securities, said Apple could sustain 25 percent growth for many years. "Apple is becoming a systems company, not a personal computer company," he said.

However, that growth could be threatened by an industry-wide shortage of chips, he said.

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(Continued from Back Page)

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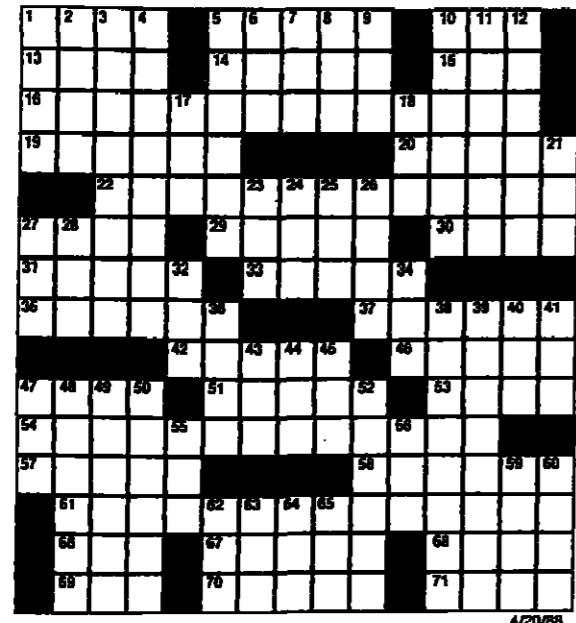
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## ACROSS

1 Former Korean president  
5 Fiber for rope  
10 Melancholy  
13 Long Times  
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15 Before: Prefix  
16 Play by Emily Williams: 1938  
19 Southern constellation  
20 Author of "The Dollmaker"  
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27 Ferv. Comb. form  
29 Fine porcelain  
30 European river  
31 Shaver  
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35 City in SW England  
37 Cato, Ovid et al.  
42 Kind of friend  
46 Japanese-Americans  
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51 Containing gold  
53 Peter was one  
54 Wider film, with "The": 1966  
57 Some South Africans  
58 Hire  
© New York Times, edited by Eugene Maleska.

## DENNIS THE MENACE



"WHEN MR. WILSON'S HEAD SHINES,  
I KNOW THE CHILI IS GOOD AN' HOT."

## JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

RABIN

SHURC

WODIMS

THIECC

THAT SCRABBLE WORD GAME  
by Henri Arnold and Bob Lee



Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer here: A

(Answers tomorrow)

Tuesday's Jumble: UPPER FLORA DISOWN TAUGHT  
Answer: What the crooks said as the cops closed in—  
THE HEAT IS ON

## WEATHER

## EUROPE

HIGH LOW

Alps 26 28 14 24  
Amsterdam 21 70 12 55  
Athens 15 35 13 23  
Barcelona 14 57 17 54  
Belgrade 16 47 17 48  
Berlin 21 70 12 55  
Brussels 22 70 12 55  
Budapest 20 68 12 46  
Cannes 23 70 12 55  
Costa Del Sol 26 70 12 55  
Dublin 16 61 12 46  
Edinburgh 24 75 12 55  
Florence 24 75 12 55  
Frankfurt 24 75 12 55  
Greece 15 35 13 23  
Helsinki 9 15 13 35  
Les Palmes 22 70 12 55  
London 18 24 12 55  
Madrid 20 68 12 46  
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Moscow 15 35 13 23  
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## LATIN AMERICA

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## NORTH AMERICA

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## OCEANIA

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Margaret Thatcher's controversial local tax, by party rank-and-file members of the 650-member House of Commons, voted Monday night to be House of Lords. Local property taxes are maintained by the government, by spreading the cost over years to everyone.

## I Workers Back

our United Nations aid arrived from the region, a

Sami Wossen, information

resident Mengistu Haile

Jember, ordered the evacuation

and Tigre on April 6.

## Snap Election

in northern Ethiopia, by a

newly formed

and

